

Protectionism's Paradox Catalyzing Change in the Global South

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Abstract:

This paper examines the economic and geopolitical implications of Donald Trump's proposed sweeping tariffs on the Global South, contextualizing them within broader global trends of protectionism and multipolarity. Using case studies such as the 2018 U.S.-China Trade War and the Smoot-Hawley Act of 1930, the analysis reveals the far-reaching consequences of U.S. protectionist policies, including disruptions in global trade flows, retaliatory measures, and the emergence of new trade alignments. It applies a blend of realism and constructivism to explore power dynamics driving U.S. economic nationalism and the Global South's adaptive strategies, including regional cooperation and alternative institutions like BRICS and the African Continental Free Trade Area. The findings suggest that while tariffs disproportionately strain developing economies, they also catalyze South-South cooperation, technological innovation, and a shift toward multipolarity. By reshaping trade networks and challenging Western-led institutions, the Global South emerges as an active architect of a decentralized global order. The paper argues that these dynamics reflect not only resistance to selective liberal norms but also a proactive redefinition of global trade. Limitations include the need for broader industry analysis and consideration of counterarguments regarding potential U.S. benefits from protectionism. This study underscores the evolving role of the Global South in shaping an inclusive and resilient global economy.

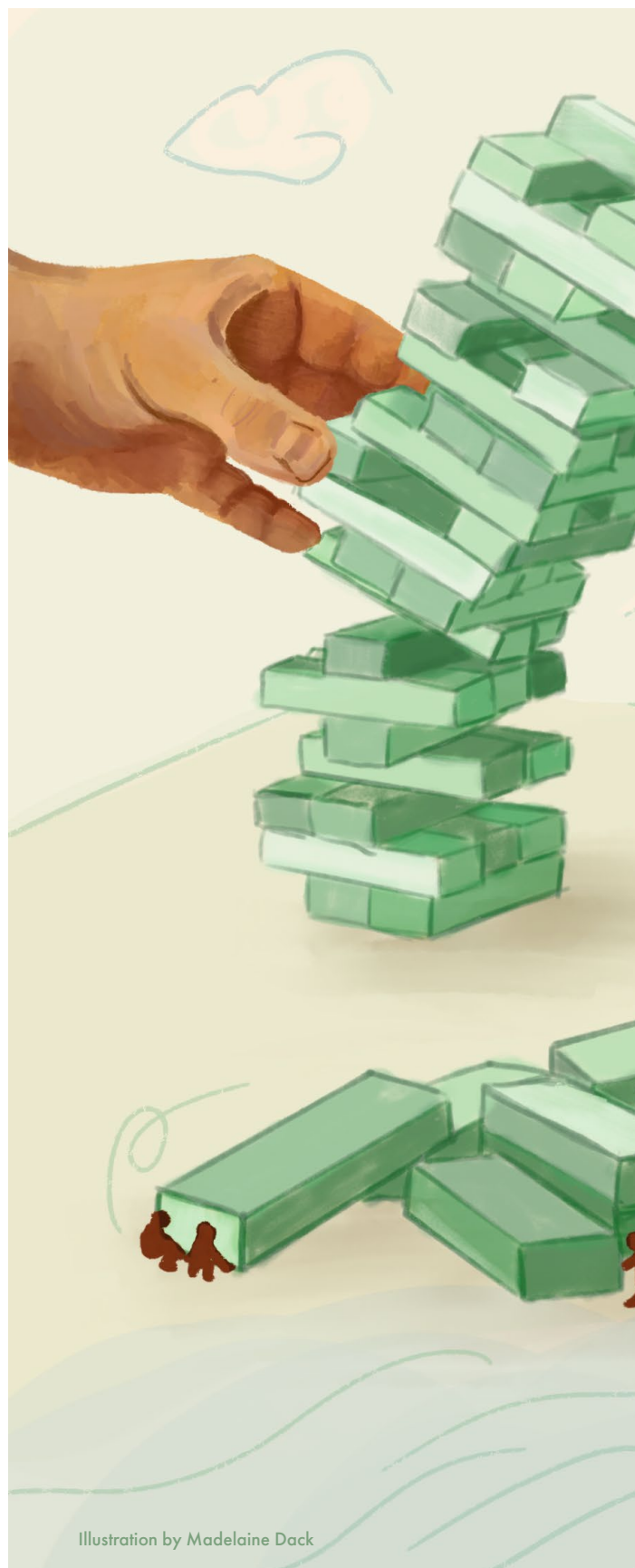


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Introduction

The increasing pressures of the climate and global debt crises in conjunction with ongoing geopolitical conflicts, between Russia and Ukraine, and Israel and Palestine, make the recent American presidential election historically consequential. The implications of this election extend far beyond U.S. borders; They compel nations across the globe to anticipate and adapt to its ripples. Donald Trump's intention to raise tariffs upon his re-election poses significant economic uncertainty for the Global South (Goldman, 2024; Mignolo, 2011). This essay explores the potential these tariffs have to disrupt global trade flows, strain diplomatic relations, and severely alter existing economic conditions in developing nations. To do so, the paper examines two case studies: the U.S.-China 2018 Trade War and the Smoot-Hawley Act of 1930. It applies a blend of realism to assess the power dynamics and economic nationalism driving U.S. protectionist policies, and constructivism to explore how the Global South can adapt through coalition building and the creation of alternative institutions. Ultimately, this paper argues that Trump tariffs mirror a broader global trend of protectionism because they increase regional trade alliances and institutions among Global South nations which expedite the progression toward multipolarity.

Tariffs — Overview

Before delving into specificities, it is crucial to examine existing literature on the broader economic impact of tariffs. During Trump's campaign, he paraded an unprecedented 10-20% increase on all imports to the U.S. Most recently, he announced levying a 25% tariff on Mexico and China, with "an additional 10% tariff, above any additional tariffs" for China (Pistas, 2024). Furceri et al. (2020) examined macroeconomic data on 151 different countries from 1963 to 2014. Their study found that increases in import tariffs are associated with persistent declines in GDP growth. Specifically, a one-standard-deviation increase in tariffs (3.6 percentage points) led to a 0.4% decline in GDP over five years. Advanced economies generally

experience less volatility due to diversified industries and stable trade relations, while emerging economies face moderate impacts, exacerbated by dependence on global trade. Low-income economies, however, endure the greatest challenges, with higher tariff volatility (standard deviation of 19.2%) and a significant reliance on exporting raw materials. These disparities highlight that tariffs disproportionately affect countries with less economic resilience, potentially reducing labor efficiency, increasing input costs, and hindering productivity growth. As such, the macroeconomic consequences of Trump's proposed tariffs will likely vary across trading partners.

One limitation of the previous study is that it looks at data regarding tariffs for imports. In other words, it merely concerns the countries imposing the tariffs and what impact it had on them. When considering the implications of these tariffs, such as retaliatory measures, it paints a clearer picture of what this means for countries in the Global South, their economies, and their relationship with the U.S. One compelling case study that exemplifies the far-reaching consequences of such tariffs is the 2018 U.S. China Trade War, which highlights the global effects additional tariffs might have. Although this is still an ongoing matter, it can be analyzed nonetheless. To provide a brief overview the 2018 Trade War began during Donald Trump's first term when his administration imposed tariffs on Chinese goods. This move aimed to address what the U.S. perceived as unfair trade practices by China, including significant trade imbalances and alleged intellectual property theft, particularly in areas such as advanced technology and military innovations. To respond, Beijing initiated tariffs of their own on a wide range of American goods (Bradsher, 2019). While China was the focus of these tariffs, the U.S. also imposed, among a few others, a 25% and 10% tariff on steel and aluminum, respectively (Blackwill, 2019). These served to extend the impact from China to other foreign trading partners including the European Union and Mexico.

Carter and Steinbach (2020) analyzed the far-reaching effects of the trade war, particularly on U.S. agricultural and food exports. Their

study highlighted that retaliatory tariffs imposed by key trading partners significantly reduced U.S. exports to these markets, resulting in over \$15.6 billion in lost trade. They argue that these losses were felt most acutely in the agricultural sector, with products such as soybeans, pork, and coarse grains experiencing the greatest declines. For instance, U.S. soybean exports alone dropped by \$7.1 billion. The study also underscored the limited ability of the U.S. to offset these losses. While U.S. exporters attempted to redirect goods to non-retaliatory markets, this effort yielded only \$1.2 billion in compensatory trade gains, demonstrating the challenge of finding alternative markets in an interconnected global trade environment. Conversely, non-retaliatory countries, particularly in the Global South, capitalized on these disruptions. South American nations like Argentina, Brazil, and Chile emerged as significant beneficiaries, collectively gaining \$13.5 billion in additional trade with retaliatory countries. Brazil, for example, expanded its soybean exports to China, filling the void left by U.S. producers.

Another critical case study of U.S. tariffs is the Smoot-Hawley Act of 1930. This American act imposed over 900 tariffs on imported goods by an average of 40-60% (Corporate Finance Institute, n.d.). They were designed to safeguard U.S. farmers and businesses (akin to the potential tariffs of today); however many believe it only served to contribute to the Great Depression and worsened America's economic state overall, making it even more challenging to pull themselves out of economic difficulty. Analyzing the global impact of the act, Michener, O'Rourke, and Wandschneider (2022) found that the Smoot-Hawley Tariff triggered a cascade of retaliatory measures across 35 countries, leading to an average decline of 28%-32% in U.S. exports to retaliatory trade partners. This decline disproportionately affected countries in the Global South, such as Mexico and the Dominican Republic, which experienced import reductions of 53.8% and 37%, respectively. Guatemala, while protesting the tariffs, experienced a smaller trade impact, but its export economy almost certainly faced pressures due to the broader contraction in global trade flows. The study also highlighted

that retaliatory actions extended beyond tariffs, including boycotts and quotas. For example, countries like Argentina and Uruguay actively targeted U.S. goods such as automobiles, reflecting the broader frustration of nations that were economically dependent on U.S. markets. The global response resulted in significant distortions in trade networks, with overall welfare losses in retaliating nations estimated at 8%-16%, particularly affecting economies with limited trade diversification. For the Global South, these shifts amplified vulnerabilities. The collapse of commodity prices and the breakdown of traditional trade relationships left many economies struggling to maintain growth. As such, the Smoot-Hawley Tariff can serve as a historical example of how sweeping protectionist policies by the United States can disrupt global trade and disproportionately harm less resilient economies, further exacerbating inequalities between the Global North and South.

While one can interpret these case studies to seemingly paint an optimistic view of the Global South fostering mutual reliance and thriving as a result, the reality is far more complex and nuanced. These shifts can also illustrate how trade realignments can amplify disparities between Global North and South economies, with some countries benefiting from geopolitical tensions while others bear the brunt. Furthermore, Carter and Steinbach noted that retaliatory tariffs have previously led to increased import prices in affected countries, which weighed heavily on consumers and businesses. In China, the redirection of supply chains to non-U.S. suppliers increased costs, translating into economic inefficiencies and market distortions. These effects were mirrored in other retaliatory countries, further exacerbating economic challenges for nations with limited domestic production capacities. Taken together, though, these findings still suggest that Trump's proposed sweeping tariffs could trigger cascading economic consequences akin to those observed during the 2018 Trade War, which is still exemplified today. While the Global North may face moderate disruptions due to diversified economies and resilient trade networks, the Global South—characterized by higher

economic dependence on exports and more limited trade flexibility—stands to suffer disproportionately. As U.S. tariffs disrupt global trade flows, nations in the Global South may either lose access to critical markets or face intensified competition from newly realigned trade partnerships.

Multipolarity and Protectionism

Protectionism can be broadly defined as an economic policy which aims to restrict imports through governmental regulations such as tariffs. In theory, it is supposed to “promote domestic producers and thereby boost the domestic production of goods and services” (Corporate Finance Institute, n.d.). However, this is not always the case. Although protectionism may seem appealing in theory, its implementation has the potential to reshape the U.S. position on the global stage by redirecting economic dependencies and disrupting the balance of trade relationships between Global North and South countries.

Daria Taglioni's (2023) analysis of global trade highlights the nuanced nature of rising protectionism, revealing how it operates alongside continued liberalization efforts. While tariffs, subsidies, and trade-related climate policies have surged, reflecting a broader shift towards economic nationalism, the global trade system remains dynamic, with countries negotiating deeper agreements and reallocating trade. This interplay reinforces the argument that protectionist policies like Trump's tariffs disrupt global trade flows but do not eliminate them entirely. Instead, these measures catalyze new regional alliances, such as BRICS (Brazil, Russia, India, China, South Africa) and the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), accelerating the Global South's pursuit of autonomy through alternative trade frameworks. She argues that these developments illustrate that the rise in protectionism, rather than simply reversing globalization, is reshaping it, pushing toward a multipolar world order with more decentralized economic power.

Goldberg and Reed (2023) argue that protectionist policies have gained traction

through events like Brexit (the United Kingdom's departure from the European Union), the Trade wars, and increased nationalist sentiment. They point to how policymakers in major economies have shifted focus from globalization to protecting domestic industries, using terms like "national security" and "reshoring" to justify trade barriers (Goldberg and Reed, 2023, p. 6). It is noted that although this has curbed trade between China and the U.S., it did not lower global trade altogether. Rather, trade was simply reallocated. It can be presumed, according to the article, that they were reallocated into regional or pluralistic trading arrangements exhibited through institutions such as the African Union, the Association of Southeast Asian Nations, and the CPTPP.

Investment in protectionist policies often leads to a diminished stake in international institutions as nations prioritize domestic agendas over collective global cooperation. Protectionism, by design, seeks to insulate national industries through tariffs, subsidies, and trade barriers, which directly undermines the principles of liberalized trade underpinning institutions like the World Trade Organization (WTO). For instance, countries that enact protectionist measures often sidestep international trade agreements or weaken compliance with existing commitments, diminishing trust and reducing the relevance of these institutions (Baccini & Kim, 2012). Moreover, as nations become increasingly self-reliant, they may divert resources away from collaborative initiatives in favor of domestic priorities, further weakening institutional funding and influence. The rise of regional trade blocs and bilateral agreements, spurred by protectionist policies, also dilutes the importance of global frameworks by creating parallel systems that bypass traditional structures. This shift not only reduces the effectiveness of international institutions but also risks fragmenting the global order, making it harder to address transnational issues such as economic stability, climate change, and security. This is pertinent because, in many of these cases, the U.S. is seen as the main proprietor of these institutions. As a result, protectionist measures like Trump's tariffs act as a catalyst for recalibrating global power dynamics,

enabling emerging economies to assert greater influence and reshape international norms to reflect their priorities, as opposed to the U.S.

Protectionist policies like Trump's potential tariffs compound the world's shift in power dynamics from a unipolar world under the U.S. to a more multipolar world, where actors—members of the Global South—like Brazil, India, and, of course, China become more pivotal key players in the international arena. In the instance of Trump's sweeping tariffs, while they are aimed at strengthening U.S. economic independence, they paradoxically contribute to the erosion of the liberal international order and the rise of a multipolar world, a phenomenon observed by Oliver Della Costa Stuenkel (2024). By disrupting global trade networks and imposing economic pressures on key trading partners, these protectionist policies compel nations in the Global South to seek alternatives to the U.S.-dominated systems. For instance, coalitions like BRICS, which Stuenkel describes as a "diplomatic life raft" (2024, p. 398) for its members, exemplify how the Global South navigates these challenges by fostering regional cooperation and creating parallel institutions, such as the New Development Bank. These efforts do not reflect a rejection of liberal norms but resistance to their selective application, wherein Western powers leverage rules to serve geopolitical interests. Consequently, Trump's tariffs inadvertently amplify the Global South's push for greater autonomy, accelerating the transition to a multipolar order where power is more diffused and less centered on traditional Western hegemony.

Resilience, Redefinition, and the Global South's Response

Crucially, between protectionism and the rise of multipolarism lies the Global South's ability to exhibit resilience and innovation in the face of tariffs and protectionist policies. While the Global South has often been framed as a reactive player in the international trade system, recent developments underscore its proactive efforts to reshape global trade

dynamics and establish alternative frameworks that reduce dependence on traditional Western-led institutions. This shift reflects not only a strategic recalibration in response to Western policies but also a broader ambition to construct autonomous and inclusive trade systems that prioritize regional and South-South cooperation.

One of the most prominent ways the Global South is navigating the challenge of tariffs is through the formation of regional trade agreements and economic blocs. Initiatives such as the African Continental Free Trade Area (AfCFTA) highlight the region's ability to consolidate economic resources and foster intraregional trade. By reducing tariffs and harmonizing trade regulations among African nations, the AfCFTA creates a platform for countries to mitigate the adverse effects of external protectionist policies. As analysts like Taglioni (2023) argue, such frameworks not only shield member nations from external shocks but also stimulate local economies by redirecting trade flows internally. This approach enables countries in the Global South to capitalize on untapped regional markets, promoting economic self-sufficiency and reducing reliance on Western imports.

In parallel, nations in the Global South are leveraging technological advancements to circumvent traditional trade barriers. Blockchain technology, digital trade platforms, and the rise of financial technology innovations are revolutionizing how trade is conducted. For example, India's *Digital India* initiative, through efforts such as digitizing customs and trade documentation, promoting e-governance, and enhancing digital infrastructure, has improved trade efficiency by reducing transaction costs and streamlining cross-border exchanges while fostering economic self-sufficiency and empowering citizens with greater access to digital tools and services (Goswami, 2016). Similarly, Brazil's financial technology sector has become a key enabler of trade facilitation, offering innovative, low-cost solutions that help smaller exporters access global markets, bypassing the barriers of traditional, western-led banking systems (Joia & Proença, 2022). Such technological interventions demonstrate the Global South's capacity to innovate

and adapt in ways that not only counteract the impacts of tariffs but also strengthen its position in the global trade ecosystem. These efforts are not merely reactive; they represent a deliberate attempt to establish financial autonomy and reshape global economic governance. As Stuenkel (2024) notes, such initiatives reflect the Global South's resistance to the selective application of liberal norms by Western powers, paving the way for a more equitable global order.

The impact of protectionism on trade realignment further underscores the Global South's capacity for resilience. Historical examples like the U.S.-China Trade War illustrate how protectionist policies can inadvertently benefit non-retaliatory nations. During the trade war, South American countries like Brazil and Argentina capitalized on disrupted U.S.-China trade relations by expanding their agricultural exports to China, particularly soybeans. This shift not only provided these nations with new market opportunities but also reinforced the importance of diversification in trade strategies. As Carter and Steinbach (2020) highlight, the ability of Global South nations to adapt and seize opportunities during global trade disruptions reflects their growing agency in the international trade system. Ultimately, the narrative of the Global South as mere respondents to Western protectionism overlooks their role as active architects of alternative trade systems. By forging regional alliances, embracing technology, and leveraging South-South cooperation, these nations are redefining the rules of global trade and challenging the traditional hegemony of the Global North. This proactive approach not only strengthens their resilience against external shocks but also contributes to the broader trend of multipolarism, where global power is more evenly distributed. As Mignolo (2011) and Taglioni (2023) suggest, these developments signal a shift toward a more inclusive and decentralized international trade system, where the Global South plays an increasingly central role in shaping global norms and institutions. This evolution underscores the importance of viewing the Global South not as a passive participant but as a dynamic and innovative force driving the future of global trade.

Conclusion and Limitations

This essay has argued that U.S. protectionist policies, particularly Trump's tariffs, have served as a catalyst for the Global South's transition toward greater economic autonomy and multipolarity. By exploring historical case studies and contemporary examples, it highlighted the resilience and adaptability of nations in navigating these challenges. However, critical limitations remain. While historical analysis provides valuable insights, the global economy has evolved significantly since the era of the Smoot-Hawley Act. The unprecedented complexity of modern supply chains, technological advancements, and the rise of alternative power blocs means that historical parallels, while instructive, cannot fully account for today's global trade dynamics.

Furthermore, while the essay focused heavily on the agricultural sector as a case study, it is essential to broaden the analysis to include other critical industries such as technology, energy, and manufacturing. These sectors are at the forefront of modern trade disputes and hold immense potential for reshaping the global economic landscape. The interplay of protectionism with emerging technologies like green energy and digital trade warrants deeper exploration to understand the full implications of such policies.

Addressing opposing perspectives also enriches the discussion. While protectionism may appear to disadvantage the U.S., some argue it creates opportunities for localized growth and industrial diversification.

Moreover, the Global North's ability to adapt through strategic alliances, innovation, or targeted investments could challenge the trajectory toward a multipolar world, adding layers of complexity to the narrative.

Ultimately, this essay emphasizes the agency of the Global South in forging a new path amidst protectionist pressures. The shifts underway reflect not just a reaction to Western policies but a redefinition of global trade norms. As the world transitions into an era of multipolarity, it is this dynamic interplay of resilience, innovation, and opposition that will shape the global order—a world no longer defined solely by the power of the few but by

the collective aspirations of many.

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