

From Hamilton to Trump: Examining the Evolution, Logic and Resurgence of US Tariff Policy

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Abstract: Tariff policy, enshrined as a core economic instrument in the US Constitution from the nation's inception, has evolved to profoundly mirror shifts in America's economic structure, political dynamics and national strategy across distinct historical eras. From Alexander Hamilton's 'protective tariffs' designed to establish the fledgling republic's fiscal foundations and shield nascent industries, through the 19th-century partisan clashes between Republicans and Democrats over 'high tariffs' versus 'low tariffs', to the 20th-century rise of free trade ideology and the 21st-century resurgence of tariffs under Donald Trump's 'America First' banner, American tariff policy has traversed a complex trajectory marked by spiralling escalation and cyclical oscillations. This paper aims to trace the historical trajectory of American tariff policy from 1789 through Trump's first and second terms, analysing its underlying economic logic and political motivations. It focuses on comparing the similarities and differences between Hamilton's 'developmental protectionism' and Trump's 'confrontational protectionism', ultimately revealing the enduring role tariff policy has played in America's nation-building and the evolution of its global role.

Keywords: US Tariff Policy; Hamilton; Trump; Protectionism; Free Trade; Industrial Development; Political Manoeuvring

Published: Oct 25, 2025

DOI: <https://doi.org/10.62177/apemr.v2i5.727>

Introduction

In 1787, the framers of the United States Constitution faced the formidable task of establishing a robust and effective central government for a nation that had only recently cast off colonial shackles, was financially depleted, and operated under a loose confederation. Among the powers granted to the federal government, the authority to levy taxes was accorded paramount importance. Article I, Section 8 of the Constitution explicitly states: Congress shall have the Power... to lay and collect Taxes, both direct and indirect, and Excise, and other Taxes for the Repayment of the Public Debt, and for the common defence and public welfare of the United States, ' and to 'regulate Commerce both with Foreign Nations, and among the several States, and with the Indian Tribes.' This constitutional mandate not only provided the federal government with a stable source of revenue but, more significantly, established a national-level economic regulatory tool: the tariff.

Since then, tariffs have run like a golden thread through American history, sometimes taut, sometimes slack, but never broken. They have served as the fiscal 'lifeblood,' the industrial 'protective umbrella,' the political 'barometer,' and the 'flashpoint' for regional tensions. From Hamilton's Report on Manufactures to Trump's trade wars, every major shift in tariff policy has been accompanied by profound debates concerning America's economic identity, national interests, and global role. This article first traces the foundation and evolution of US tariff policy from the nation's early years to the pre-Civil War era. It

then examines the peak and controversies of the high tariff system from the Civil War to the early 20th century. Finally, it focuses on the resurgence and mutation of tariff policy during the Trump era. Through this historical lens, it scrutinises the intrinsic logic and epochal imprint of American tariff policy, addressing a central question: Are Trump's tariff policies a distant echo of the Hamiltonian spirit, or a wholly new strategic reconfiguration grounded in 21st-century realities?

1. The Founding Cornerstone: Hamilton's 'Development-Oriented Protectionism' (1789–1860)

The smoke of the American War of Independence had long since cleared, yet what remained was a nation scarred beyond recognition. War debts mounted, the Confederation government proved incapable of repayment, and the credit system teetered on the brink of collapse. Simultaneously, Britain, leveraging its formidable industrial advantage, flooded the American market with cheap goods, dealing a severe blow to the nascent "infant industries" that had begun to sprout during the conflict. The trade imbalance with Britain was rapidly undermining America's fledgling industries and eroding confidence in the dollar. Against this backdrop, Alexander Hamilton, the first United States Secretary of the Treasury, demonstrated remarkable foresight by devising an economic development blueprint centred on tariffs.

1.1 The Dual Objectives of the Hamilton Tariff: Fiscal Revenue and Protectionism

In 1789, the Tariff Act, spearheaded by Hamilton and signed by President Washington, became the first significant legislation passed by the United States Congress. Its primary and most immediate objective was to resolve the fiscal crisis. During the early days of the federal government, customs duties constituted virtually the sole reliable and readily collectable source of taxation. Prior to 1860, American tariff revenues accounted for 80-95 per cent of the federal government's total income. This revenue proved vital for 'maintaining expenditures, honouring federal debts in full, and settling obligations owed by the states during the American War of Independence.' Hamilton firmly believed that full debt repayment was the cornerstone for establishing national fiscal credibility and earning international respect, with tariffs serving as the foundation for achieving this objective.

Yet Hamilton's vision extended far beyond finance. In his renowned Report on Manufactures, he systematically articulated a more profound objective: to foster American industrialisation through protective tariffs. He astutely observed that amidst the late-18th-century industrial revolution, America remained virtually absent in a pivotal sector—textiles. The British government fiercely maintained its industrial monopoly by prohibiting the export of technology, machinery, and skilled labour. British textiles were 'more than thirty times cheaper,' rendering American handicraft production utterly uncompetitive. Hamilton contended that relying solely on the 'invisible hand' of the market would condemn American industry to perpetual stagnation. He therefore advocated 'using protective tariffs as a lever for rapid industrialisation.' High tariffs would not only 'increase American revenues' but also 'protect and subsidise the early endeavours of American manufacturing,' creating a 'greenhouse environment' where domestic enterprises could survive, learn, and ultimately grow to rival Britain.

As economic historian Douglas Irwin observes, Hamilton's report laid the theoretical foundation for a century of American protectionism. Its central thesis—that state intervention is essential for fostering industrial competitiveness in late-developing nations—proved profoundly influential.^[1]

1.2 The Early Practice and Controversy of Protectionism

Hamilton's vision was swiftly validated in practice. In 1790, Samuel Slater, an immigrant skilled worker who had entered the country illegally, established America's first successful cotton mill in Rhode Island, bringing the spark of the Industrial Revolution to the United States. While the initial cost of his products was slightly higher than those from Britain, it was tariffs that provided crucial protection. During the War of 1812, Britain's naval blockade unexpectedly acted as a catalyst for American industrial development. The increasingly acute shortage of imported goods provided powerful impetus for industrial growth in several northeastern states. After the war, although roughly half of the nascent enterprises collapsed, the survivors laid the foundations for America's future industrial boom by 'enhancing skill sets, updating knowledge, and improving organisational structures'.

This era also saw early social tensions arising from tariff policies. For instance, the excise tax on whiskey sparked the Whiskey Rebellion of 1794, exposing conflicts between federal taxation authority and local interests. Overall, however,

protectionist tendencies in tariff policy intensified from the nation's founding through the pre-Civil War period. Advocates of the 'American System,' represented by Henry Clay and John C. Calhoun, regarded high tariffs, internal improvements, and a national bank as the three pillars driving national modernisation. They asserted that possessing a domestic industrial base was 'essential to averting wartime shortages.'

Yet this protectionism came at a cost. From its inception, it sowed the seeds of regional division. Industrialists and labourers in the Northeast sought high tariffs to ward off British competition, while Southern plantation owners vehemently opposed them. The Southern economy, dominated by agriculture with a weak industrial base, relied heavily on importing cheap manufactured goods and exporting raw materials like cotton. Raising tariffs would increase their cost of living and risk retaliation from trading partners, harming export interests. This fundamental structural economic disparity elevated the tariff issue from an economic matter to a sharply divisive political one. By 1828, tariff rates peaked at an average exceeding 25%, derisively dubbed the 'Tariff of Abominations' by Southerners. This directly precipitated South Carolina's 'Non-Execution Crisis,' marking the first separatist stirrings where state power challenged federal authority.

Historian Charles Beard, in his seminal work *The Economic Interpretation of the Constitution of the United States*, interpreted such conflicts as struggles between competing economic factions, arguing that tariffs served as a crucial instrument for Northern industrial and commercial interests to suppress Southern agricultural interests through state power.^[2] Although the crisis ultimately concluded with compromise, the rift between North and South over tariffs proved irreparable, ultimately becoming one of the deep-seated causes that ignited the Civil War.

2. The Republican Era of High Tariffs: Industrial Peak and Political Solidification (1861–1912)

In 1861, the outbreak of the American Civil War fundamentally altered the political landscape of the United States. The secession of Southern states and the withdrawal of their representatives from Congress cleared the path for the Republican Party to implement its long-standing high tariff policy. Thereafter, America entered a period of Republican-dominated high tariffs that would endure for over half a century. The logic underpinning this era's tariff policies evolved from Hamilton's 'developmental protectionism' into a more complex form of 'mature protectionism' serving specific interest groups and ideologies.

2.1 Wartime requirements and post-war consolidation

Following the outbreak of war, the federal government experienced a surge in fiscal revenue requirements. In March 1861, after the withdrawal of Southern representatives, Congress swiftly passed the Morrill Tariff Act, significantly raising customs duty rates. Throughout the conflict, tariffs were repeatedly increased, alongside excise duties and income taxes, to fuel the war machine. Although wartime revenues primarily relied on bonds, the fiscal function of tariffs remained indispensable.

Of more enduring significance was the persistence of high tariffs after the war's conclusion. Historians such as Howard Beard contend this resulted from Northern industrial capitalists perpetuating the tariff regime to safeguard their interests. They achieved this by exerting control over the Republican Party and supporting policies for Southern reconstruction. Industries such as steel and wool formed tightly organised interest groups that successfully lobbied politicians to transform high tariffs into their own 'moat'. They argued to voters that high tariffs protected workers' high wages and created a prosperous 'domestic market', thereby securing broad support across the Northeast, including among some farmers.

2.2 The "Success" and "Alienation" of Protectionism

By the late 19th century, American industrialisation had achieved remarkable progress. Protected by high tariffs, US steel production surged from 22,000 tonnes in 1867 to over 11.4 million tonnes by 1900 – a five-hundredfold increase. America transformed from a steel importer to an exporter, with its products even being dumped back into Britain at prices below those in the UK itself. This prompted the London Daily Mail to marvel that America had comprehensively surpassed Britain in fields such as electric motors, locomotives, and steel rails.

However, this 'success' also brought about the 'alienation' of protectionism. By the 1880s, American industry had become the world's most efficient and lowest-cost producer, and within its vast domestic market, it feared no foreign competition whatsoever. By this time, the economic rationale for tariffs—namely, protecting 'infant industries'—had largely evaporated.

Tariffs no longer served to cultivate competitiveness but rather to safeguard established monopolies and excessive profits. They had evolved into an ideological relic, a form of 'legitimate extortion' serving specific vested interests.

Democrat Grover Cleveland emerged as the most vocal critic of high tariffs during this era. He denounced them as the root of 'inefficiency and corruption,' a 'guilty betrayal of American fairness and justice.' He contended that high tariffs drove up commodity prices, created excessive government fiscal surpluses, and stifled economic development. The presidential elections of 1888 and 1892 effectively served as national referendums on tariffs. Despite Cleveland's two terms in office, his efforts to reduce tariffs were repeatedly thwarted. Upon Republican William McKinley's accession in 1897, the Dingley Tariff Act swiftly restored rates to 50%, marking the zenith of the high-tariff regime.

McKinley's declaration – 'Free trade hands over our money, our manufacturing, and our markets to other nations... We must protect... to keep them within our borders' – perfectly encapsulated the Republican Party's protectionist logic of the time. While this rationale may have held sway in the late 19th century, the unprecedented strength of the American economy increasingly exposed the insularity and self-interest inherent in such policies, laying the groundwork for a shift in trade policy during the 20th century.

3. From Liberalism to Reversal: Trump's 'Confrontational Protectionism'

Entering the twentieth century, particularly after the Second World War, the United States, leveraging its unparalleled economic and military superiority, emerged as the principal advocate and architect of the global free trade system. The establishment of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organisation (WTO) signalled America's transformation from a bastion of high tariffs to a champion of barrier reduction.

However, this trajectory underwent a dramatic reversal in the second decade of the 21st century. In 2016 and 2024, Donald Trump ascended to the White House twice under the banner of 'America First' and the slogan 'Make America Great Again'. The core of his economic policy lay in the revival and radical deployment of the ancient tool of tariffs, each application more audacious and perilous than the last. Particularly concerning China, at the outset of Trump's second term, tariffs of up to 145% were imposed on virtually all Chinese imports, while simultaneously imposing high tariffs on the vast majority of countries worldwide, triggering a full-scale tariff war.

The Chinese government responded to this unilateral economic bullying by the United States with resolute and forceful reciprocal countermeasures, leading to a full-scale escalation of the Sino-US trade war. This signifies that the global trade war and tariff war triggered by the Trump administration will inevitably reshape the existing global economic order and trade landscape.

3.1 The Context and Rationale Behind Trump's Tariffs

Trump's tariff policy did not emerge in a vacuum, but rather represents a fierce response to socio-economic shifts in the United States since the late 20th century. Its underlying logic shares similarities with that of Hamilton and 19th-century Republicans, yet also exhibits fundamental differences.

1. Resentment towards globalisation and anxieties over industrial hollowing-out: Following the Cold War, the tide of globalisation swept across the world. In pursuit of lower costs, American capital relocated vast swathes of manufacturing overseas, particularly to China. This led to the decline of traditional manufacturing, factory closures, and worker unemployment across the United States, especially in the 'Rust Belt.' Trump adeptly tapped into the anger and sense of abandonment felt by this segment of society 'left behind' by globalisation, attributing the problems to 'unfair trade agreements' and the 'cheating' of trading partners. Political scientist Elizabeth Engel, in her work *Rust Belt Awakening*, offers a profound analysis of this phenomenon. She observes that voters in the Rust Belt feel betrayed by both globalisation and liberal elites, with their economic suffering and cultural anxieties converging to fuel robust support for populist leaders like Trump.

2. Obsession with Trade Deficits: Unlike previous administrations focused on industrial protection, Trump views trade deficits themselves as a sign of national failure and a threat to economic security. He contends that substantial deficits signify the 'theft' of American wealth and jobs by other nations. Consequently, a primary objective of his tariff policy is to wield the tariff stick to compel trading partners—particularly China—to reduce exports to the US and increase imports from it, thereby

‘balancing’ trade.

3. The broadening of ‘national security’: The Trump administration extended the concept of ‘national security’ beyond traditional military domains into the economic sphere. Its landmark move—imposing steep tariffs on steel and aluminium products under Section 232 of the 1962 Trade Expansion Act, citing ‘national security’ concerns—embodies this approach. This expanded security logic provides protectionism with seemingly legitimate and hard-to-refute justification.

3.2 Hamilton and Trump: Two Paradigms of Protectionism

Comparing Trump’s tariff policy with Hamilton’s reveals that although both employed the instrument of “tariffs”, their underlying logic, strategic objectives and implementation methods differ like night and day.

Comparative dimensions	Hamilton’s ‘developmental protectionism’	Trump’s ‘Confrontational Protectionism’
Core Objective	Nurturing and Development: Protecting nascent industries, enabling them to emerge from nothing, grow from weakness to strength, and ultimately achieve national industrial self-reliance.	Revival and Rebalancing: For mature industries that have declined or face intense competition, employing tariff barriers to compel their return or restore competitiveness.
Strategic Vision	Forward-looking and constructive: Focusing on the nation’s long-term development, utilising tariffs as a strategic tool for achieving industrialisation and modernisation.	Retrospective and adversarial: Focusing on resolving current economic woes (unemployment, deficits), employing tariffs as a punitive measure against opponents and a negotiating tool to extract concessions.
Implementation targets	Universality and Systemic Nature: The imposition of tariffs on a broad range of imported manufactured goods establishes a systemic protective framework designed to elevate the overall industrial standard.	Selectivity and precision: primarily targeting specific countries (China) and specific products (steel, aluminium, high-tech goods), with a pronounced bilateral confrontational character.
Economic rationale	Endogenous growth drivers: It is believed that protection can stimulate endogenous innovation and learning, ultimately enabling industries to achieve international competitiveness. Protection serves as a temporary “incubator”.	External pressure as a driver: The belief that external pressure (tariffs) can alter other nations’ behaviour or compel businesses to relocate back home, with protection serving as a persistent “shield” or “big stick”.
Political foundation	National Elite Consensus: Driven by the founding elite class, it aims to establish a robust federal state and an independent economic system.	Populist mobilisation: centred on blue-collar workers marginalised by globalisation as its core supporters, gaining political momentum by stoking nationalism and economic populism.
Global Role	Emerging Followers: As latecomers, they adopted defensive strategies to ensure their survival and development in the face of British industrial supremacy.	The Hegemon’s Corrector: As the dominant force within the global system, it seeks to amend existing rules deemed ‘unfair’ through unilateral and disruptive means.

In short, Hamilton’s protectionism was a “strategy for a rising power”, aimed at transforming a weak nation into a strong one; whereas Trump’s protectionism more closely resembles an expression of “hegemonic anxiety”, designed to restore the perceived decline of an already powerful nation. Hamilton’s tariffs were inward-looking and constructive, intended to strengthen the nation’s foundations; Trump’s tariffs are outward-looking and confrontational, seeking to reshape the external world. As international relations scholar John Ikenberry has analysed, Trump’s unilateralism and protectionism represent a profound challenge to the liberal international order the United States itself established after the Second World War. This stems from domestic political polarisation and discontent with globalisation within America.^[3]

Conclusion: Echoes of History and Variations of the Times

From Hamilton to Trump, the history of American tariff policy spanning over two centuries constitutes a grand narrative of national development, conflicting interests, and strategic choices. This history reveals several core, enduring themes:

First, tariffs have consistently served as a regulator of American national interests. Whether raising funds for the fledgling

republic, shielding nascent industries, consolidating monopolies for mature industries, or launching trade wars to counter globalisation challenges, each pivot in tariff policy has been rooted in America's evolving definition of its national interests across different eras. It has served multiple objectives: nation-building, economic development, political mobilisation, and global strategy.

Second, tariff policy has been a focal point of domestic political contestation. From the North-South divide of the nineteenth century, through twentieth-century partisan rivalries, to the twenty-first-century fractures between urban and rural areas, blue-collar and elite factions, tariffs have consistently provided a stage for competing forces. They reflect conflicts over the distribution of benefits among different regions, industries, and social classes, becoming a central issue in electoral politics. Trump's success stemmed precisely from his adept mobilisation of support among groups harmed by globalisation, transforming tariff issues into a political 'culture war'.

Thirdly, US tariff policy exhibits cyclical fluctuations. History does not advance in a linear fashion. America has oscillated between protectionism and free trade. When the nation is in a catch-up phase or confronts external crises, protectionist tendencies resurface (as during the Hamilton era, the Civil War period, the Great Depression, and the Trump administration); conversely, when the nation holds global supremacy and seeks to expand overseas markets, calls for free trade intensify (as post-World War II). This oscillation fundamentally reflects America's strategic balancing act between 'openness' and 'autonomy,' "cooperation" and 'confrontation' under varying historical conditions.

Fourthly, Trump's tariff policy is both an echo of history and a variation of its times. It inherits the core spirit of Hamilton's protection of domestic industries and defence of national economic sovereignty, representing a distant resonance with America's founding principles. However, its contemporary context, targeted adversaries, political foundations, and confrontational tactics fundamentally distinguish it from Hamilton's 'developmental protectionism.' Trump's 'America First' represents a radical, unilateral, and uncertain modern interpretation of traditional protectionism—unfolding against a backdrop of deeply integrated global supply chains, relative decline in American hegemony, and China's emergence as a new variable.

Looking ahead, what path will US tariff policy take? Has Trump's trade war truly achieved 'Making America Great Again'? Historical experience suggests that while protectionism may offer short-term political appeasement and localised gains, it risks long-term efficiency losses, rising inflation, and the fragmentation of the global trading system. Yet the deep-seated socioeconomic contradictions driving Trump's tariff policies—such as industrial hollowing-out, widening wealth disparities, and regional development imbalances—remain unresolved. This implies that regardless of who occupies the White House, the debate over America's role in the global economy will persist. Tariffs, this ancient instrument, will persist as an indispensable yet contentious element on America's political and economic stage. The evolution from Hamilton to Trump is not merely an economic chronicle but a mirror reflecting how the United States, through over two centuries of trials and tribulations, has continually defined itself, shaped the world, and in doing so, perpetually engaged in dialogue and struggle with its inherent contradictions.

Funding

No

Conflict of Interests

The authors declare that there is no conflict of interest regarding the publication of this paper.

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