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THE HISTORY AND CAUSES OF TRADE PROTECTIONISM

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With the development of global trade, a series of developing countries such as China have experienced rapid economic growth. The economic advantages of developed countries have weakened. The U.S.s hegemony is under threat, constantly provoking China, using non-tariff barriers to implement trade protection policies, and hindering Chinas opening to the outside world and the overall process of globalization. This article introduces the rise and development of trade protectionism, and analyzes its main characteristics, forms and causes. Take this as a theoretical foundation, combine with reality, and analyze trade protection objectively and concretely.

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Related theories and historical evolution

1.1 Related theories

Trade protectionism is an economic policy that imposes extremely high tariffs on imported products, restricts import quotas, or reduces imports in order to protect domestic industries from the pressure of foreign competition. It is the exact opposite of the free trade model, which exempts imported products from tariffs and allows foreign products to integrate with the domestic market without burdening them with heavy taxes borne by domestic manufacturers. In terms of import restrictions, tariffs and non- tariff barriers are mainly used. Tariff barriers mainly include imposing high tariffs to prevent the import of large quantities of foreign products. The latter includes a series of non-tariff measures, such as restricting the issuance of import licenses and import quota systems, to restrict the import of free foreign products.

Some countries want to implement trade protection. The main theories provided by economists are:

Liszt's theory of supporting infant industries. It is believed that some countries in the early stages of industrialization must use tariffs and other means to protect the development of their very important and promising infant industrial sectors within a certain period of time in order to prevent their national industries from being subject to strong competition from foreign developed countries.

Keynes's theory of hyper-protection. The theory believes that the market becomes an important factor restricting economic development when the country is in depression, severe surplus of goods, enterprise bankruptcy, and large numbers of workers are unemployed. Therefore, the domestic market should be protected and foreign markets should be expanded. To this end, the state must intervene in foreign trade, set up trade barriers to block the import of foreign goods, and take active measures to encourage exports to maintain a trade surplus and resolve domestic depression and unemployment. Obviously, this kind of hyper-protection theory is no longer to protect the country's infant industries, but to compete for foreign markets, not only using tariffs, but also using various non-tariff barriers.

Prebisch's new theory of protective trade. It is believed that the international economic system is divided into two camps: central countries (a few developed countries) and peripheral countries (large developing countries). The countries of the two camps are in an unequal position in trade. If free trade is implemented under such a structure, developing countries will not be able to change the low industrial structure and the backwardness of poverty. The gap between the South (developing countries) and the North (developed countries) in the world will continue to widen. Therefore, developing countries should control imports to a certain extent through appropriate protective measures, protect their national industrial development, realize industrialization quickly, and improve the passive situation of only producing and exporting primary products in the trade structure. This theory reflects the requirements of developing countries to develop their economies and improve unequal trade patterns.

1.2 Historical evolution

The first stage: the original stage

The protection of trade in many countries originated in the 15th century. From the 15th century to the 18th century, influenced by the industrial revolution and the great geographical discoveries, international capitalism developed rapidly and the scale of international trade continued to increase. However, the gold obtained through colonial plundering is not enough to make up for the massive trade deficit between the West and the East. Moreover, mercantilism emphasizes that "only gold and silver are wealth", and advocates that rewards and exits are limited to entry. Therefore, the early trade protectionism appeared.

The second stage: the stage of advocating the protection of infant industries

In the late eighteenth century, although developed countries completed the industrial revolution one after another, the degree of development of the industrial system among different countries was seriously unbalanced, and the industrial system of the less developed countries was threatened by the imported goods of the more developed countries. Therefore, in order to protect the country's growing industrial system, and to create a good external environment for the development of the country's industry, trade protection theories and policies based on the theory of protecting infant industries have emerged.

The third stage: the post-"Great Depression" stage

In the 1930s, the United States and other developed countries experienced the "Great Depression." The financial system has collapsed, the real economy has shrunk, and the unemployed population has increased dramatically. In order to cope with the crisis, the countries affected by the crisis have implemented various crisis relief policies, including trade protection policies. For example, the United States enacted the "Smoot-Hawley Tariff Act", which greatly increased import tariffs on more than 20,000 products, and its average tariff level rose from 25% to 50%. France raised the average tariff to 38%. Germany raised the average tariff to 41%.

The fourth stage: the stage of new trade protectionism

Since the 1970s, many countries have joined the WTO one after another. WTO rules and provisions have led countries to gradually abandon trade protection policies in the form of tariff barriers, and implicit trade protection policies such as green barriers and technical barriers have gradually emerged. Not only that, along with the deepening of people's understanding of the relationship between economic growth, resources, environment and other factors, the continuous development of trade protection theory has also laid the foundation for the implementation of the new trade protection policy. For example, the new regionalist trade protection theory believes that the implementation of regionalist trade protection can not only use local resources to promote economic development and increase social welfare, but also change the disadvantaged position of developing countries, and strengthen environmental protection to promote sustainable human development.

2. Cause of formation

2.1 Further development of globalization

Trade protectionism can be traced back to the period of mercantilism, advocating to increase wealth through government intervention, promote the primitive accumulation of capital, and stabilize the economic foundation of capitalism. However, with the development of globalization, international trade has become the focus of economic development in most countries. And diversified markets and fierce competition have brought closer economic ties between countries. While countries benefit from trade exchanges, their domestic economies are also more susceptible to the adverse effects of other countries and the international situation. How to reduce or eliminate such unfavorable factors is

an urgent problem. How to protect the country's economic interests while still gaining a share in the international market has become a common problem for all countries in the world. In addition, the bilateral and variability foreign policies of many developing countries have promoted the economic and political interconnection of the two sides, realized mutual benefit and enhanced the national economic strength, the market gradually faces the world, and the competition has become more fierce, which has led to the economic development of developed countries.

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