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OPINION

# Today's North American economic nationalism isn't unprecedented - it's a pattern

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Opinion: Today's North American economic nationalism isn't unprecedented - it's a pattern - The Globe and Mail

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Flags wave in the wind near the Ambassador Bridge in Windsor, Ont., on Feb. 4.

CARLOS OSORIO /REUTERS

As headlines scream about U.S. tariffs and trade wars, a curious amnesia has gripped North American policy circles. The breathless tone of current commentary suggests we're entering unprecedented territory. Yet this present crisis demands something more

valuable than panic: perspective. Since 1840, North America has experienced at least five major cycles of economic nationalism, each following remarkably similar patterns. Understanding these patterns isn't just academic – it's crucial for maintaining strategic clarity in an emotionally charged moment.

The words, "Give us a protective tariff, and we shall have the greatest nation on Earth," sound Trumpian – but they are attributed to then-congressman Abraham Lincoln in 1847. In Canada, Sir John A. Macdonald would have heartily agreed, instituting the National Policy of 1878, whose main feature was the protective tariff. This equation of national greatness with trade barriers remains strikingly familiar.

The 1911 Canadian election offers another illuminating parallel. Conservative leader Robert Borden's successful campaign against reciprocity with the United States tapped into fears about economic sovereignty. Free trade, so the argument went, would lead to eventual annexation. Today's concerns about Canadian sovereignty in the face of American pressure echo these historical debates with remarkable fidelity.

Yet focusing solely on tariffs misses the deeper pattern. As the British commentator Helen Thompson reminded us this month, economic nationalism typically emerges when three forces converge: domestic political realignment, technological disruption and geopolitical tension. The landmark McKinley Tariff Act of 1890 wasn't just about trade – it coincided with America's industrial emergence, growing international ambitions and shifting domestic politics. For many U.S. politicians (such as Lincoln speaking in antebellum America), high barriers to trade were an attempt at healing an internally divided nation. Nation-building and commercial conflict were two sides of the same coin. Canada was no different: Interprovincial rivalries and federal-provincial conflicts over economic policy have been a defining feature of our politics since Confederation.

Donald Trump's tariff war thus reflects more than just gripes about steel and aluminum. It originates in the convergence of AI-driven technological disruption, shifting geopolitical power between the U.S. and China, and profound political realignments within the U.S. Yet although their origins are often non-economic, trade wars do produce real – and often unintended – economic consequences. The Smoot-Hawley Tariff of 1930 didn't save American jobs – it deepened the Great Depression. Canada's National Energy Program of the 1980s didn't achieve energy independence – it created lasting regional divisions while deterring investment.

What's truly unprecedented about our present moment isn't the return of economic nationalism – it's the degree of economic integration that nationalism now threatens to

unwind. When Lincoln advocated for tariffs in 1847, cross-border supply chains were rare. When Canada implemented the National Policy in the 1870s, financial markets weren't digitally interconnected. The stakes are exponentially higher today.

Consider BMO and RBC's deep integration with the U.S. financial system. Unlike in previous eras, today's banks operate in a densely interconnected cross-border ecosystem. The $3.6-billion in daily trade flows between Canada and the U.S. present a constraint on economic nationalism. They also present a potential risk because history suggests the financial sector won't be immune from nationalist pressures. During the 1930s, countries retreated behind financial walls just as surely as they did behind tariff barriers. Today's calls for "financial sovereignty" and "strategic autonomy" echo those earlier movements. The risk isn't just to steel and aluminum trades but to the entire architecture of North American financial integration.

Yet history also offers hope. Previous cycles of economic nationalism have eventually given way to pragmatic accommodation. The Auto Pact emerged from the ashes of protectionist pressures. The North American free-trade agreement followed decades of nationalist tensions. What looked like existential crises in the moment became stepping stones to deeper integration.

More generally, economic nationalism often peaks just before major systemic transformations. The protectionist 1930s gave way to the Bretton Woods system. Today's nationalist surge may similarly herald a fundamental restructuring of the global economic order. For policymakers and business leaders, the message is clear: don't panic, study patterns. The current crisis isn't unprecedented – it's part of a recurring cycle in North American economic relations. The challenge isn't to prevent economic nationalism but to manage its manifestations.

This requires moving beyond both reflexive panic and complacent dismissal. Economic nationalism is a force to be reckoned with, but its patterns are knowable, its cycles predictable, its challenges manageable. The task isn't to rail against the tide but to navigate it with wisdom drawn from historical understanding. When every headline seems to demand immediate reaction, pattern recognition isn't just useful – it's essential for our shared prosperity and security.