

Opinion **Trump tariffs**

No, Trump is not ushering in a new global trading order

The US is simply denying itself the benefits of the system that already exists

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US trade representative Jamieson Greer, centre. The US is not only unilaterally setting tariff rates but serving as jury and executioner in evaluating and punishing perceived deviations from trade deals © Kim Hong-Ji/Reuters

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In early August, Jamieson Greer, the US's lead trade negotiator, declared that a new system of global trade had taken shape. Naming it after the Turnberry resort in Scotland where the US-EU tariff deal was struck, he claimed that Donald Trump's approach has finally delivered the success in reforming the global trading system that has eluded past presidents. But what was achieved exactly? The administration has [fallen far short](#) of its goal for "90 deals in 90 days". As for the handful of so-called deals that have been made, they are scant on details. Greer himself admits that deals with the EU, UK, Cambodia, Indonesia, Japan, Malaysia, Pakistan, the Philippines, South Korea, Thailand and Vietnam account for 40 per cent of US trade. What he fails to mention is that agreements with the top three US trading partners — Canada, Mexico, and China — have yet to be made.

Even if you take what has been announced so far at face value — reductions in tariffs.

co-operation on non-tariff barriers and promises by foreign partners to invest in the US — these deals are less substantial than Greer claims and have yet to produce real economic results. They are also a far cry from the massive market opening that was achieved over decades of sustained trade negotiations and which led to the system we have today.

In fact, as research from the [Peterson Institute for International Economics](#) has shown, efforts after the second world war to liberalise trade led to average gains in the US of \$19,500 per household in 2022.

In other words, US GDP would have been \$2.6tn lower without the current system, which Greer criticises for being the source of America's economic malaise, real or imagined. Wealth from that liberalised trade regime has continued to grow, and young people today are actually [better off](#) than their parents, despite what the popular rhetoric will have you believe.

The only obvious results from all of Trump's dealmaking to date are higher prices due to an [average tariff rate](#) that takes us back to the 1930s, uncertainty and a lack of trust stemming from the ever-changing nature of the tariff regime. Greer plainly states that the deals will be enforced by raising tariffs if partner countries renege. Thus, the US is not only unilaterally setting tariff rates but serving as jury and executioner in evaluating and punishing perceived deviations from trade deals.

This unpredictable policy will raise costs for American families and businesses and will probably do [little to support](#) the manufacturing renaissance Greer is hoping for. Nor will it elicit the type of global co-operation necessary to address persistent economic challenges such as macroeconomic imbalances and unfair subsidies.

What's striking in Greer's intellectual reframing of the recent trade chaos is that he tries to give Trump credit for some sort of vision or strategy that is entirely new. He sneers at the postwar trading system as "nameless" and now seeks to paper over it with Trump's gold foil. In doing so, he misses one critical point. The unravelling of US trade policy does not mark the beginning of a new global trading system, but rather

the closing of the American market from the rest of the world.

Try as Greer might to call this a “Trump round” of global trade negotiations, it is anything but. In fact, it is more akin to the “[American system](#)” of the 1820s that his predecessor, Robert Lighthizer, so praised, and which was characterised by a highly protectionist US market. Back then, like today, the US economy was doing fairly well, but the coalitions driving trade policy were shifting. As economic historian [Douglas Irwin](#) explains, the American system of that era was less motivated by economic goals than political ones. Furthermore, while trading partners have been willing to talk to the US about its trade demands, they are not following America’s lead by replicating those policies in their relationships with other countries.

In fact, trading partners remain committed to the global trading system, while being willing to reform it, but are simply not acting out in the unilateral and transactional way the US is. If other countries continue to observe the rules, it will leave the US operating in a realm of its own. The Trump administration could still transform global trade; patterns are shifting and allies are looking to diversify their relationships. But it is foolish to think the US can simply will a new order into existence when it hasn’t convinced anyone of the merits of its self-harming approach.

A bit of humility is in order. America is not presiding over the creation of a new trade system, but rather is denying itself the benefits of the existing one.

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