Trump tariffs

Did Ronald Reagan 'love tariffs' as Trump claims?

America's 40th and 47th presidents both employed protectionist measures but in vastly different ways

1 of 7

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Donald Trump has reignited a trade battle with Canada after the province of Ontario broadcast an ad showing Republican icon Ronald Reagan criticising tariffs in a televised address to the nation in 1987.

Trump protested that Reagan "loved tariffs", just as he does, and vowed to increase levies on imports from the US's northern neighbour over what he claimed was a deceptive campaign.

But Reagan, who served as president between 1981 and 1989, was a devout champion of open trade who used tariffs sparingly and reluctantly. In contrast, Trump has put these trade measures at the heart of his economic policy.

Was Reagan a real free trader?

In late 1988, shortly before leaving office, Reagan delivered a radio address celebrating the re-election of <u>Brian Mulroney</u>, Canada's prime minister, with whom the US had signed a trade deal that was due to take effect six weeks later.

The comments marked one of the staunchest defences of free trade by any US president.

Open trade was "one of the key factors behind our nation's great prosperity", he said, citing the US Declaration of Independence and Adam Smith's *Wealth of Nations* — both published in 1776. He also blasted the 1930 Smoot-Hawley tariff law for leading to the Great Depression — calling it the "worst economic catastrophe in our nation's history".

And Reagan warned: "We should beware of the demagogues who are ready to declare a trade war against our friends — weakening our economy, our national security, and

2 of 7 10/27/2025, 06:22

the entire free world — all while cynically waving the American flag. The expansion of the international economy is not a foreign invasion; it is an American triumph."



Ronald Reagan and Brian Mulroney at the Shamrock Summit in Quebec City in 1985 © Erin Combs/Toronto Star/Getty Images

Reagan's stance was not just rhetoric. During his 8-year tenure as president, he set the stage for more US trade with both Canada and Mexico, paving the way for the North American Free Trade Agreement that would take effect in 1994. He also gave US support to the Uruguay Round of multilateral trade talks that would result in the creation of the World Trade Organization in 1995.

Were there exceptions to Reagan's rule?

Reagan's record on free trade was not unblemished, however. As Japanese car imports surged during his first term, he negotiated "voluntary export restraints" for automobiles with Tokyo, a quota system to limit the number of vehicles coming into the country from Japan. Robert Lighthizer, who would become Trump's first-term US trade representative — was a key aide in the talks.

To protect Harley-Davidson, the US motorcycle manufacturer, Reagan in 1983 announced a big increase in tariffs on Japanese motorcycles. Four years later, Reagan

3 of 7 10/27/2025, 06:22

was trumpeting that action in a speech at a Harley-Davidson facility in Pennsylvania. "Where US firms have suffered from temporary surges in foreign competition, we haven't been shy about using our import laws to produce temporary relief," <u>he said</u>.

Reagan also grew frustrated with Japan's semiconductor exporting might, to the point that in 1987 he raised tariffs on chips from America's East Asian ally.

"The health and vitality of the US semiconductor industry are essential to America's future competitiveness. We cannot allow it to be jeopardised by unfair trading practices," Reagan said in a <u>statement</u> announcing the move.

Shortly after, in the radio address that was used in Ontario's now controversial ad, Reagan made clear that he was undertaking protectionist actions reluctantly, and exceptionally.

"Imposing such tariffs or trade barriers and restrictions of any kind are steps	that I
am loath to take," Reagan said.	

President Ronald Reagan's radio address on free and fair trade on April 25 1987 $^{\circ}$ Reagan Library YouTube

What is the difference between Reagan and Trump on tariffs?

But while Reagan did adopt some protectionist measures during his time in office,

4 of 7 10/27/2025, 06:22

Trump's approach has been radically different. Trump launched his initial 2016 presidential campaign on a staunchly protectionist platform, seizing on anger and disillusion at the impact of both Nafta and the entry of China into the WTO, which was embraced by his predecessors in the White House.

"Instead of taxing our citizens to enrich other countries, we will tariff and tax foreign countries to enrich our citizens," Trump said during his second inaugural address in January of this year.

A self-described "tariff man", Trump sees levies as a key instrument of US economic policy, not just to protect domestic industries, but to gain leverage over US trading partners both economically and diplomatically. In his second term, he has also

5 of 7 10/27/2025, 06:22

embraced tariffs as a way to generate billions of dollars of revenue.

Meanwhile, Trump has imposed a broad range of US tariffs this year using emergency economic powers that Reagan used much more sparingly to set sanctions on the leftwing government in Nicaragua and Panamanian leader Manuel Noriega.

What is the problem with Ontario's ad?

Mark Carney had established what seemed to be a solid relationship with Trump since becoming Canada's prime minister earlier this year. But the TV ad using Reagan's voice, and launched in the US market by <u>Doug Ford</u>, Ontario's premier, got under Trump's skin, jeopardising the ties between the US and Canada.

The ad faithfully uses Reagan's words from the April 1987 radio address as he explains why he raised tariffs on Japanese semiconductors. But it takes only snippets of Reagan's lines: for Trump that was enough to dub it as fraudulent.

Television ad opposing US tariffs and featuring the voice of former US President Ronald Reagan © YouTube/Global News

The White House received the backing of the Ronald Reagan Presidential Foundation based in Simi Valley, California, which is run by David Trulio, the former Head of Strategy and Editorial Operations at Fox News Digital and a former US defence

6 of 7

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official during Trump's first term. The Reagan foundation said the ad "misrepresents" Reagan's radio address and it was "reviewing its legal options in this matter".

While Trump demanded that the ad be taken down immediately, it has continued to run through the weekend including during the World Series baseball clash between the Toronto Blue Jays and the Los Angeles Dodgers. It is expected to be taken off the air on Monday.

But for all the bluster, the White House has not released any details of the extra tariffs on Canadian imports proposed by Trump as punishment for the ad, including when they will take effect.

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7 of 7