

## THE NATIONAL SECURITY ADVISOR'S DISQUIETING GLOBAL-ECONOMY SPEECH: SOME WORRIED REACTIONS BY A FRIEND

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National Security Advisor Jake Sullivan's [April 27 speech](#) at the Brookings Institution, explaining the Biden administration's global-economy policies, is an odd piece at an important time. Mr. Sullivan covers a lot of ground in a lengthy (4,981-word) speech: "industrial strategy" and subsidies; trade and tariffs; the U.S. relationship with China; brief excursions into finance, aid, and infrastructure, and so on. Parts of it work well, in particular his passage on China policy. Some other parts less so. That on trade especially is a sort of study in breezy mis-summarization of history, muddly elucidation of current choices, and unclear future direction.

Most important, when taken as a whole and given its timing just as the 2024 presidential campaign begins, the speech seems to be politically out of tune and picking the wrong targets. It is vigorous if defensive in rebuking the Biden administration's liberal-internationalist friends for their worries that it may be overreaching in industrial strategy and under-reaching in trade policy. It is premature at best in positing that the administration's global-economy agenda has achieved consensus status as the "project of the 2020s and 2030s," and does not recognize — despite warnings from allies as important and close to the subject as [Japan](#) — the strength of the Chinese counter-"project." And while spending lots of time in an argument with the 1990s, it elides not only the recent Trump administration record but the domestic political challenge from the administration's Trumpist/isolationist enemies — which, in a few months, will seek to end the Biden administration, and with it not only Sullivan's version of international economics but the 80-year liberal-internationalist legacy the speech rightly praises.

**Message and Audience:** Sullivan's message throughout is a defense of three aspects of administration policy against concerns from its critical friends, and friendly critics, at home and in allied governments: that (a) its "industrial strategy" risks trying to do too much by expanding into places that private markets can serve pretty well, (b) its trade agenda is trying to do too little, missing opportunities to promote growth and high-wage employment at home and to build alliances abroad, and (c) its overall approach has veered close enough to economic nationalism to appear at times indifferent to the interest of allies and friends, and to risk damaging the "rules-based order" the administration ably defends in diplomacy and security. Uniting these strands of argument, with special force in the opening and the close, Sullivan seeks to convince the critics that the approach is recognizably in the liberal-internationalist tradition of earlier Democratic presidencies, though appropriately adapted to meet an extensive list of new challenges. Two passages illustrate:

*Opening:* “The idea that [Biden administration policy] is somehow America alone, or America and the West to the exclusion of others, is just flat wrong. This strategy will build a fairer, more durable global economic order, for the benefit of ourselves and for people everywhere. So today, what I want to do is lay out what we are endeavoring to do.”

*Close:* “The world needs an international economic system that works for our [American] wage-earners, works for our industries, works for our climate, works for our national security, and works for the world’s poorest and most vulnerable countries. That means ... targeted and necessary investments in places that private markets are ill-suited to address on their own—even as we continue to harness the power of markets and integration. It means providing space for partners around the world to restore the compacts between governments and their voters and workers. It means grounding this new approach in deep cooperation and transparency to ensure that our investments and those of partners are mutually reinforcing and beneficial. It means returning to the core belief we first championed 80 years ago: that America should be at the heart of a vibrant, international financial system that enables partners around the world to reduce poverty and enhance shared prosperity. And that a functioning social safety net for the world’s most vulnerable countries is essential to our own core interests. It also means building new norms that allow us to address the challenges posed by the intersection of advanced technology and national security, without obstructing broader trade and innovation.”

**China:** Some of the specific elements of the speech are very well done. The concise passage on China policy, consistent with Treasury Secretary Janet Yellen’s more detailed [April 20th address](#), argues that the Biden administration’s approach is serious, strict on security-related trade, but also not seeking confrontation and looking for areas of mutual benefit. This clearly explains goals, limits, and methods. Some samples:

*Export controls and trade:* “We’ve implemented carefully tailored restrictions on the most advanced semiconductor technology exports to China. Those restrictions are premised on straightforward national security concerns. Key allies and partners have followed suit, consistent with their own security concerns. We’re also enhancing the screening of foreign investments in critical areas relevant to national security. And we’re making progress in addressing outbound investments in sensitive technologies with a core national security nexus. Our export controls will remain narrowly focused on technology that could tilt the military balance. We are simply ensuring that U.S. and allied technology is not used against us. We are not cutting off trade. In fact, the United States continues to have a very substantial trade and investment relationship with China. Bilateral trade between the United States and China set a new record last year.”

*Summary paragraph:* “[W]e are competing with China on multiple dimensions, but we are not looking for confrontation or conflict. We’re looking to manage competition responsibly and seeking to work together with China where we can. President Biden has made clear that the United States and China can and should work together on global challenges like climate, like macroeconomic stability, health security, and food security. Managing competition responsibly ultimately takes two willing parties. It requires a degree of strategic maturity to accept that we must maintain open lines of communication even as we take actions to compete.”

**Trade, Tariffs, and the “Projects” of the 1990s and 2020s:** Some other sections don’t hold up so well. The lengthier passage on trade policy in fact mixes eccentric history with jumbled policy arguments, and ends with puzzlement about where the administration really wants to go. Here, Sullivan’s point of departure is an ill-grounded sparring match with the U.S. policy agenda of the 1990s, characterized briefly and incorrectly as follows:

“The main international economic project of the 1990s was reducing tariffs.”

As history, “reducing tariffs” might, with some distortion and oversimplification, describe the main trade policy goals (though not the “main international economic project”) of the [Roosevelt](#) and [Truman](#) administrations in the 1930s and 1940s, or of the [Kennedy](#) and [Johnson](#)

administrations in the 1960s. For the 1990s, it doesn't work even for trade policy alone. And if the administration feels it must start an argument over policies thirty years in the past, and contrast its own approach with them, it should understand those policies and describe them accurately.

"Trade policy" was obviously an important focus of the 1990s, but far from the decade's only international economic policy focus. (To wit: the Treasury Department's organization of international responses to the Mexican peso crisis and the [Asian financial crisis](#) and macroeconomic talks on current account balances with Japan; the Labor Department's negotiation of [ILO Convention 182](#) on the abolition of the worst forms of child labor; Vice President Al Gore's work to create the [OECD Convention on Bribery and Corruption](#), etc.) And within trade policy specifically, tariffs were often important, but only as elements in larger goals related to the era's major challenges. These might be divided into five areas:

1. Creating stronger multilateral rules and institutions. This included lowering barriers for U.S. exporters but also (for example) developing a worldwide system for protecting U.S. intellectual property through the WTO's [TRIPs agreement](#), creating science-based agricultural sanitary and phytosanitary standards through the WTO's [SPS agreement](#), reducing farm subsidies linked to production levels, developing policy for [services trade](#) through the General Agreement on Trade in Services and two multilateral sectoral agreements, and making all of these enforceable through the [Dispute Settlement Understanding](#). Most important in this area, though not the only example, was the creation of the [World Trade Organization](#) through the conclusion of the "[Uruguay Round of the GATT](#)" in 1994.
2. Deepening and stabilizing core U.S. relationships with America's neighbors, through [NAFTA](#) and the unsuccessful FTAA. With this came similar if less ambitious efforts in other regions, such as the [African Growth and Opportunity Act](#), the [Qualifying Industrial Zones](#) project in the Middle East, and the subsequent U.S. free trade agreement with Jordan, followed in the second Bush administration by similar agreements with Arab-world allies Oman, Morocco, and Bahrain. Like the WTO agreements, these reduced tariffs but did much more as FTAs evolved. NAFTA, for example, included chapters dealing with issues ranging from anti-dumping procedures to investment, services, and recognition of nomenclature for whiskey and wine. Later agreements, from the Jordan case to the (post-1990s) agreements with Chile, Bahrain, Morocco, Oman, CAFTA-DR, Oman, Australia, Korea, Panama, Colombia, Peru, and ultimately the Trans-Pacific Partnership, sequentially added issues like telecommunications, [labor](#) and [environment](#), [electronic commerce](#), and most recently, the expansion of early e-commerce agreements to cover issues like [data flows](#), and wholly new chapters such as those covering [SME trade](#), [state-owned enterprise competition](#), and more.
3. Integrating the formerly communist countries of Europe and Asia into the global economy, first through aid programs after the revolutions of 1989 and the Soviet breakup in 1991, and then through painstakingly negotiating their entry into Western-designed institutions, in particular the [WTO](#), but also the G-8, the [OECD](#), and others. (A program paralleled by the expansion of relevant regional organizations, including the European Union and ASEAN.) This covered former Warsaw Pact satellites such as Poland and

the Czech Republic; Balkan states Albania, Croatia, etc., and the three Baltic countries; newly independent post-Soviet countries such as Ukraine and Georgia; [Vietnam](#), Laos, and Cambodia, and on the largest scale Russia and China —on one hand in hopes that this would encourage stable growth, rule of law, and western values, and on the other hand on the grounds that attempting to isolate and keep them outside would surely discourage all these things.

4. Responding to the newly invented digital world after the Internet went live in 1989, for example through the WTO's "[duty-free cyberspace](#)" commitment, agreements to develop pro-competitive [telecom](#) regulatory systems, ease trade in services, and begin discussions on topics ranging from privacy to cybersecurity.
5. Integrating labor and environmental conditions into trade policy, in parallel with steps like ILO Convention 182 or the Kyoto Protocol on climate change, with a foundation in the 1994 NAFTA side agreements, innovative textile and labor agreements with Cambodia (the foundation of the ILO's now 12-country [Better Work](#) program), launches of labor and environmental discussions in the WTO, and the first inclusion of labor and environmental rules in FTA text in the [U.S.-Jordan FTA](#) of 2000.

Thirty years later, this agenda and its results offer rich grounds for academic inquiry and debate, and perhaps also some lessons for modern policymakers. In retrospect, parts of it look like extremely successful and even prescient ideas with large present-day political and economic rewards. See, for example, duty-free cyberspace and the launch of electronic commerce policy; or the integration of the Warsaw Pact countries and Baltic states into the WTO, EU, and NATO; or trade and economic normalization with Vietnam, Cambodia, and Laos. The very large effort the two Bush administrations and the Clinton administration put into aid and support for post-Soviet Russia, by contrast, looks like a total failure (though this doesn't at all mean it was wrong to try). Other elements fall in between. Most obviously, the attempts to steer Chinese policy in a positive direction worked well in some ways and not well in others. China became a very large importer and global growth driver, created powerful new competitive challenges for American manufacturing workers while boosting American farm incomes and keeping inflation low for families, continued a program of intellectual property theft and technological blackmail of American companies, and then broke with its 1980-2010 liberalization program through policies such as "[Made in China 2025](#)". And of course, even the most impressive successes of the 1990s "project" — say, the launch of electronic commerce policy and the effort to preserve an open global internet — created new questions and challenges by virtue of their contribution to the development of today's digital world, which new generations of policymakers need to address on their own terms and often in different ways.

This experience may present useful context and interesting case studies for officials trying to think through the challenges of today — say, in approaching China, or in drawing lessons from past responses to technological change. Some of its elements involved tariff policy, others not, and there may be lessons from that as well. But describing the whole thing as "mainly reducing tariffs" suggests a lack of understanding at least, possibly incuriosity, and either way does little to illuminate current problems.

Sullivan then moves to the present and (I think) adds to the confusion, by saying that with the 1990s experience as background, perhaps we will now negotiate on tariffs, but also perhaps not:

“On average, applied U.S. tariff rates were nearly cut in half during the 1990s. Today, in 2023, our trade-weighted average tariff rate is 2.4 percent [*Ed. note: the correct figure is 2.8%*]—which is low historically, and relative to other countries. Of course, those tariffs aren’t uniform, and there is still work to be done bringing tariff levels down in many other countries. As Ambassador Tai has said, “We have not sworn off market liberalization.” We do intend to pursue modern trade agreements. But to define or measure our entire policy based on tariff reduction misses something important.”

This leads, finally, to a passage in which Sullivan argues that the administration’s program now represents a consensus “project of the 2020s and 2030s” into which critics need to “fit” trade policy if they hope to make a useful contribution to policy:

“Asking what our trade policy is now — narrowly framed as plans to reduce tariffs further — is simply the wrong question. The right question is: how does trade fit into our international economic policy, and what problems is it seeking to solve? The project of the 2020s and the 2030s is different from the project of the 1990s. We know the problems we need to solve today: Creating diversified and resilient supply chains. Mobilizing public and private investment for a just clean energy transition and sustainable economic growth. Creating good jobs along the way, family-supporting jobs. Ensuring trust, safety, and openness in our digital infrastructure. Stopping a race-to-the-bottom in corporate taxation. Enhancing protections for labor and the environment. Tackling corruption. That is a different set of fundamental priorities than simply bringing down tariffs. And we have designed the elements of an ambitious regional economic initiative, the Indo-Pacific Economic Framework, to focus on those problems — and solving those problems. We’re negotiating chapters with thirteen Indo-Pacific nations that will hasten the clean-energy transition, implement tax fairness and fight corruption, set high standards for technology, and ensure more resilient supply chains for critical goods and inputs. Let me speak a bit more concretely. Had IPEF been in place when COVID wreaked havoc on our supply chains and factories sat idling, we would have been able to react more quickly — companies and governments together — pivoting to new options for sourcing and sharing data in real-time.”

In general, this list of issues honestly reads more like a grab-bag or laundry list than a unified “project,” or a catalog of truly clear and obvious strategic priorities. Many of the individual items, though, do look like good ideas, and several like quite important issues. The administration is right to worry about over-reliance on any single country, and China in particular, as a supplier of truly critical industry and tech inputs. IPEF could produce useful results here (though the assertion that it could prevent supply-chain disruption during unique, massive, and unexpected international crises seems optimistic), and also, given a strong agenda, in digital policy. The transition to clean energy is a large and challenging project requiring international cooperation and large investments of political as well as financial capital. “Mobilizing public investment” for scientific research, infrastructure, and so forth is wise policy; “creating good jobs along the way,” though, less like a uniquely 2020s goal than one almost all administrations have shared.

But whatever one’s judgment on this list, adding to it an assertion along the lines of “... and therefore arguments for tariff reduction are lost in the past” seems like a non sequitur. Tariffs (or more broadly and appropriately, the larger set of “market access” and related issues, which include tariffs but also include quota limits, technical barriers to trade, arbitrary barriers to agricultural exports, regulatory discrimination against U.S. services and Internet providers, and so on) look irrelevant to some parts of it, but useful contributors to others. To promote sustainable economic growth and create good jobs in the U.S. as domestic fiscal stimulus fades

and interest rates rise, why not eliminate partner-country tariffs (and other barriers) and open new markets for U.S. farm, services, tech, and manufacturing exporters (with their [relatively high-paying jobs](#))? If U.S. tariffs are as low and irrelevant as Sullivan says (and though he's not exactly right on the data, he isn't far wrong), why not use them to bargain for bigger achievements in things he does view as important — say, the labor, environmental, and anti-corruption goals he hopes to win from skeptical foreign partners? More directly, why not use tariff reduction to cut the prices of clean energy products worldwide by reviving the WTO's Environmental Goods Agreement? And even moving away from international economics to the administration's domestic hopes for equity, "bottom-up, middle-out" growth, and greater income equality, a lot of U.S. tariff lines probably ought to be scrapped as irrelevant to employment and production, steeply [tilted against low-income American families](#), and in some rather [scandalous cases](#) "[bizarrely anti-lady](#)" in taxing women's clothes more heavily than men's.

**Abroad: There are More "Projects" than One:** Pulling back from specifics to broader strategic questions, the assertion that the speech's list of topics is "the project of the 2020s and 2030s" seems premature at best. There are other contenders for this title, and some of the administration's friends have better and shorter lists. A very important example is that of the [Prime Minister of Japan, Fumio Kishida](#), speaking a few yards south of Sullivan's Brookings venue at Johns Hopkins SAIS in January. Kishida posits an immediate, this-year, and next-year, contest to define the economic policy order for Asia, including manufacturing production, export and import advantage, and the digital economy. He asks whether the designers of that order will be the region's advanced democracies in concert on one hand, or its largest economy by fiat on the other. And he observes pretty bluntly that, IPEF or not, the U.S. is participating mainly on the margins of this contest and risks becoming irrelevant:

"[T]he core of what creates an economic order in the region is a framework with market access for goods and services. In the Asia-Pacific region, we indeed have such a framework, the Trans-Pacific Partnership. The TPP was originally initiated by the United States, and then was eventually launched without U.S. participation. Now, the United Kingdom, China, Taiwan, and others have expressed their intention to join this agreement. Against the backdrop, let me state that the United States' return is of paramount importance."

So when the administration's critical friends and friendly critics — at home or abroad — express concerns, they are not actually pining for the agenda of the 1990s. (Even were that era's policies described correctly.) Instead, they are thinking about the present, and have a feeling that — especially but not only in Asia — Sullivan's "project" for the 2020s and 2030s isn't the only option and may not be the one most likely to win consensus.

Most notably, China has its own "project" for the 2020s. This is meant to set the terms for the future Asian and global economies — including preferential manufacturing market access, Chinese-built infrastructure, logistics networks, and a very different digital world — and is pursuing this energetically through aid projects, the [Belt and Road Initiative](#), the [Regional Comprehensive Economic Partnership](#), and other methods. The Obama administration [pointed this out](#) in its arguments for U.S. participation in TPP in 2015 and 2016, as Prime Minister Kishida does in 2023. In the absence of American market access engagement, as RCEP goes into place, China's application to join CPTPP advances, intra-Asian tariffs tilt against American exporters and their workers, and Chinese influence over future policy grows, the Chinese project looks to be succeeding.

***At Home: Internationalism, Isolationism, and the Likely Choice in 2024:*** At home too, Sullivan’s “project” is not the only contender. In fact, both his project and the traditional liberal-internationalist vision face a challenge even more immediate than China’s project for Asia. And by focusing on a choice between a “project of the 1990s” and his “project for the 2020s and 2030s,” Sullivan misses the opportunity to engage with it. To be specific, in devoting the entire speech to an argument with friendly liberal-internationalist critics who generally share the administration’s values and want the Biden presidency to succeed (even if they’re not fully sold on industrial strategy and believe they have reason to argue for a more ambitious trade agenda), he gives up the chance to engage the administration’s enemies.

By February, if present political trends are an indicator, the administration will face a renewed effort by Donald Trump to retake the office he could not hold by votes in 2020 or by inciting a mob in 2021. At the ideological core of this effort is an interlocking set of isolationist goals — closing the U.S. economy as much as possible to trade, ending foreign aid programs, and probably withdrawing from international institutions and alliances with the democracies of Europe and Asia — which mesh at home with an appeal to a hazy “better past” that has been stolen by foreigners, immigrants, and minority activists, abetted by intellectuals, “globalists”, and generally “elites” such as Sullivan and his friendly critics alike. The record of 2017-2020, much closer to us in time than the 1990s or even the Obama administration, represents initial steps along these lines: the doubling in size of the U.S. tariff system by presidential fiat, the attempt to stop Muslim-world immigration, threats to remove the U.S. from the WTO (along with NATO, the United Nations, etc.), and so forth.

Sullivan’s outline of a “new” liberal internationalism is consistent with the values of the “old,” but is updated to meet the issues of the 2020s, very perplexingly, has nothing to say about this 2017 to 2020 record. What do he and the administration think of it? Did the Trump era create some good outcomes, and if so, which were good and which bad? It would be interesting to hear the thinking, for example, behind the decisions to variously retain the 232 tariffs on Swiss or South African steel, replace them with quota arrangements for British and Japanese steel, and quietly drop the Trump administration’s “301” case against Vietnam. Are the 301 tariffs on Chinese goods a useful form of leverage for some future negotiating goal, as U.S. Trade Representative Katherine Tai has argued, or inflation-promoters, as the Treasury Secretary has observed, or a good thing in themselves? Still more to the point, looking a few months ahead to January 2025, what effect does the Biden administration think a new batch of similar policies will have on the U.S. at home, on its allies, and on the world?

These, not the nature of 1990s policies, are the issues Sullivan should be putting before his audiences. The failure to do so leaves at least this reader wondering whether the White House is aware of how close in time this contest is — not years, but months or weeks — and why this wasn’t the time to find common ground. Why spend time making an argument against, or even a rebuke of, the administration’s liberal-internationalist friends at home and abroad? Why not use it, and this one-big-speech opportunity, to build bridges, solidify friendships, close ranks, and prepare for the genuinely consequential and dangerous contest ahead?