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Opinion – Mexico’s Historical Vision for Free Trade in the Trump Era

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The second Trump administration has ushered a frontal assault on the (neo)liberal global order. In what seems to be a break from the past, economic nationalism has attained a leading role in shaping the contours of a new order. Within weeks, practices that were formerly —at least in principle— repudiated are now being rehabilitated, among them trade wars and economic coercion as diplomatic leverage, territorial ambitions framed as “national security”, and open contempt for multilateral institutions. What makes this shift particularly dramatic is that this assault emerged from the United States, the core member of the challenged order.

Far from representing a radical departure, the arrival of President Trump to the White House has reinstated American historical preference for economic protectionism and unilateralism, replacing multilateral engagement with bilateral dealmaking.

In his recently published history of the relationship between global peace and free trade activism, Marc-William Palen uncovers the alternative visions of free trade idealists fundamentally opposed to war, which they saw as protectionism’s companion. Drawing heavily from his previous work, Palen traces American economic nationalism to Alexander Hamilton’s Treasury policy of tariffs and subsidies supporting industrialisation. Hamilton’s plan —later labelled as the “American System”— evolved in the 19th century into a strategy of imperial territorial expansion, aimed at securing raw materials and controlling new markets for American capital goods.

Palen identifies Friedrich List as the key figure who infused economic nationalism with an imperial overtone. Unlike his contemporary Frenchman Michel Chevalier who advocated “informal imperialism” based on free trade, List promoted economic nationalist-protectionism as the cornerstone of what he termed “National System”. List’s “National System”, rather than Chevalier “informal imperialism”, became highly successful in the United States, where it justified not only domestic industrial protection but also the subordination of other “tropical” countries to serve as resource providers for American industrial growth.

List’s framework characterised “tropical” countries as “indolent” and “uninstructed”, deeming them incapable of self-governance. Instead, they were destined to serve as permanent commodities suppliers to “temperate” industrial powers like the United States and Germany. As Brazilian historian Mauro Boianovsky shows, List’s ideas legitimised American imperial aspirations by naturalising the “diffusion” of U.S. “population, institutions, civilisation, and spirit” throughout Latin America.

The order advanced by the Trump administration represents a restoration rather than a departure from historical patterns. “Protectionism and reciprocity” had long been a Republican Party slogan before free trade entered American foreign policy overarching strategy in the 1930s. It is no surprise then that Trump’s brandishing of tariffs and territorial threats mirrors the “American System” championed by List and implemented by Presidents McKinley, Harding, and Hoover —who similarly paired economic nationalism with the colonial acquisition of territories like the Philippines, Guam, Puerto Rico, and Cuba.

Furthermore, as more details emerge on American interest in resource-rich territories from the Artic to Ukraine to

Africa, a future shaped by Trump's version of Listian economic nationalism paired with resource extraction from subordinated regions becomes increasingly visible on the global horizon.

In this context, Mexico is uniquely positioned to navigate —perhaps even confront—America's imperial ambitions fuelled by economic nationalism. While right-wing politicians gain momentum across Latin America under the wings of what Greg Grandin describes as a veneer of "grassrootedness", President Claudia Sheinbaum has an opportunity to transform her domestic popularity into international leadership by championing an alternative vision of free trade rooted in Mexico's rich diplomatic tradition. Ultimately, as Sheinbaum recently remarked in massive rally called in response to Trump's tariff announcement, Mexico has been the one country suffering territorial loses at the expense of American "swats".

Mexico's foreign policy is embedded into a Latin American formalistic-legalistic culture that views international law as a tool for protection, state-building, and development. In its approach to international law, Mexican foreign policy has advanced principles now familiar in international politics: sovereign equality, peaceful dispute resolutions, inclusivity within international organisations, and cooperative solidarity. Through this "republican internationalism", Mexican leaders, alongside their Latin American colleagues, have historically denounced economic coercion and foreign interventions —two cornerstones of great power privilege— as ordering principles in international politics.

For example, Benito Juárez —Mexico's first indigenous president and personal hero of Sheinbaum's predecessor Andrés Manuel López Obrador— offered a "liberal rejoinder" to an ill-fated French intervention into Mexico. His goal was straightforward: by challenging the inequality inherent to international law, Juárez and his supporters sought to build a more liberal global order based on popular sovereignty, equality between nations, and non-intervention.

This liberal tradition of contesting the imbalance and unfairness ingrained in international politics continued throughout the 20th century. In the 1920s, after successfully challenging American misuse of diplomatic recognition to exclude unwanted governments at Inter-American forums, Mexican diplomats expanded their critique to international law by explicitly targeting the economic asymmetries underpinning the global order.

As Christy Thornton shows, from the 1930s to the 1970s, Mexican officials challenged economic global governance with arguments often preceding those that went on to shape the New International Economic Order. Across various forums, Mexican diplomats prosecuted an ambitious vision of free trade, underpinned by supranational coordination and supported by equality, fairness, and economic sovereignty.

Mexico's critique of global economic structures took concrete form at Bretton Woods, where its delegation advocated for recognition of global economic "disequilibria", and the shared responsibility required for addressing it. At Bretton Woods, Mexican diplomats linked trade with investment and development, while emphasising multilateral coordination to counter what they described as "Yankee protectionism", which created trade imbalances preventing less-developed countries from servicing their debts.

During negotiations for the unsuccessful International Trade Organisation —whose charter the US ultimately refused to ratify—, Mexican representatives remained focused on addressing structural inequalities. For instance, they denounced the "wide disparity" between profits earned by raw material producers and manufacturers by blaming other countries' selective approach to free trade. They also reiterated the need for a coordinated trade mechanism, alongside an "expansion of trade" compatible with workers' rights and equitable access to development facilities.

Later Mexican administrations insisted that global trade must serve domestic development and industrialisation goals. Mexican policymakers associated "Yankee protectionism", and its selective advocacy for free trade, with adverse terms of trade. Informed by this position, across various post-war forums, Mexico worked to eliminate global asymmetries by championing sovereign capacity to regulate trade, inclusive decision-making in governance institutions, and multilateral cooperation to ensure fairness.

Mexico's international advocacy for free trade coexisted with pragmatic domestic protectionism, adopted in the 1940s not necessarily from ideological conviction but necessity, once it became clear that existing trade conditions

significantly constrained the modernising agenda of the ruling Institutional Revolutionary Party (PRI).

In his memoires, then Foreign Minister —and future UNESCO director— Jaime Torres Bodet characterised the 1942 U.S.-Mexico reciprocal trade agreement as “unfair and inadequate” because of its duplicity that limited restrictions on American manufactured goods entering Mexico, while maintaining barriers to Mexican exports —other than raw materials. Ultimately, the treaty was repudiated after Mexican manoeuvring around American Cold War anxieties forced tactical concessions from the Truman administration, facilitating new restrictions on imports, and development loans.

This tension between unfair trade conditions and Mexico’s modernisation goals continued into the following decades. By the 1960s, Mexico pursued its free trade vision through multiple channels while integrating its active trade diplomacy with domestic protectionism as part of a coherent industrialisation project.

Internationally, Mexico’s representative to International Organisations in Geneva transliterated trade concerns into the emerging language of human rights, calling not just for “economic cooperation” but for “a permanent international machinery” to stabilise commodity prices and eliminate imbalances between primary and manufactured goods. By portraying free and fair trade as a human rights issue and a prerequisite for global equality, Mexico’s position effectively foregrounded subsequent efforts by Jamaica and Chile to redress global inequalities emerging from trade.

Simultaneously, President López Mateos sought to build regional solidarity and “equitable conditions” on trade through the Latin American Free Trade Association while seeking broader alliances with countries like India and Indonesia to challenge the “discriminatory and restrictive practices” that industrialised nations, most notably the United States, imposed on developing countries’ exports.

Mexican vocality for fair trade continued throughout the 1970s and well into the 1980s. It is tragic that just as Mexico was on the verge of economic collapse, then Foreign Minister Jorge Castañeda delivered a final challenge to the global inequalities Mexican diplomacy had contested for decades. Speaking at the 1982 OAS General Assembly, Castañeda noted that the “reigning protectionism” of industrialised nations, namely the United States, and their unwillingness to comply with international law had “dramatically accentuated the asymmetric structure ruling over global economic relations”.

By the end of the decade, Castañeda’s combative remarks were subdued as Mexican foreign and trade policies shifted from contesting the global order to actively seeking integration into it, leaving behind its alternative vision of free trade.

For much of the 20th century, Mexican foreign policy displayed a consistent position on free trade, revealing a distinctive approach to the global order: while advocating for free —and fairer— trade principles, Mexican diplomats simultaneously contested the power structures that determined how those principles were implemented. This was not a contradiction. It rather reflected the understanding that economic liberalism required constrains on great power privilege and that trade ought to serve sovereign development, not imperial extraction. Mexico’s vision articulated a structural transformation of economic governance, reflecting its unique experience managing American protectionist, unilateral, and imperial legacies.

NAFTA and the neoliberal transition of the late 20th century, obscured a crucial truth: in Mexico, free trade was not originally a neoliberal project, but rather an alternative response to American protectionist unilateralism. While neoliberalism leveraged free trade to limit sovereignty, Mexico’s historical demands on trade underscored the opposite: robust multilateral oversight, fairness in trade practices, and sovereign control over trade policy and natural resources. This represented a reverse Listian model: trade serving industrialisation at the periphery, rather than extracting from it.

In March 2019, President López Obrador declared the “end of neoliberalism”. Since then, members of the Mexican ruling class constantly repudiate the “neoliberal period” as one that restricted Mexican economic sovereignty. Recent research, including Palen’s work, may support this assessment: the free trade banner was co-opted to protect the

interests of economic agents, often disguising "militant globalism" as legitimate collective action. In the process, the role of the state as rights guarantor was substituted by the force of "free enterprise".

As the Trump administration continues to flout the "rule-based order", we must remember that the liberal elements of the order now under siege emerged largely against the preference of dominant powers. Countries like Mexico did much to shape significant international norms. This history presents President Sheinbaum a unique opportunity: to revive and reclaim Mexico's tradition of transformative contestation by articulating an alternative vision of free trade, serving Mexican development alongside a broader project of global fairness.

About the author:

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