

When Agency Trumps Structure: modern problems and historical lessons from the UK and the US

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The international liberal economic order built after World War II has been served a severe blow by Brexit and the Trump election in the wake of the global financial crisis of 2008-09. While the US ramps up trade protectionism threatening to disrupt this order by breaking international rules and institutions, Britain pursues greater freedom of global trade by breaking away from the EU, its closest trading partner. History can offer important policy lessons about reversing the slide to protectionism and restoring economic openness. In the early 1930s, when the US increased protection and isolation unwilling to assume the global leadership role, Britain shifted from free trade to protectionism under the Import Duties Act and the Imperial Preference in order to forestall its relative economic decline exacerbated by the Slump. Within, and despite, domestic and international structural constraints, a pivotal policy maker

Walter Runciman, Britain's President of the Board of Trade 1931-1937, pursued moderation of protection and international trade liberalisation via bilateral reciprocal bargaining well ahead of the US embracing trade liberalisation under the Reciprocal Trade Agreements Act of 1934. This personally attributable achievement was largely due to his evolving beliefs about free trade and protection, his liberal vision for international peace-through-commerce inspired by Cobden, his experience and ability to negotiate with the key stakeholders across the political divide between extreme protectionists and extreme free traders. Runciman's example underlines the crucial importance of the agency and the ability of individuals to create space for and shape policy outcomes on the local and international levels. Then and now, key policymakers influence structural changes, for bad and for good.