Tariffs, History, and the American Critical Minerals Agenda

written by Jack Lifton | July 25, 2026

There is an old saying that those who refuse to study history are condemned to repeat it. There is another, equally relevant today: those who do not know history often mistake old ideas for new ones.

Listening to much of today's commentary, one might conclude that tariffs are some extraordinary innovation of the current American administration. Newspaper headlines and television commentators speak incessantly of "Trump's tariffs," as though protective duties arrived in the United States only recently. The implication is that America has suddenly departed from its traditional commitment to free trade.

Nothing could be further from the truth.

Tariffs are as old as the Republic itself. One of the first major pieces of legislation signed by George Washington was a tariff act. Alexander Hamilton regarded tariffs as an indispensable tool for nurturing American manufacturing. Abraham Lincoln supported protective tariffs as part of a broader vision of industrial development. William McKinley became synonymous with high tariffs during America's emergence as an industrial power. Throughout the nineteenth century, tariffs were not the exception to American economic policy—they were often the rule.

Whether those policies succeeded or failed under particular circumstances is a legitimate subject for debate. Pretending that tariffs themselves are somehow unprecedented is not. The historical record simply does not support such a conclusion.

A Brief History of American Tariffs

The current debate would be more productive if it began with a simple historical observation: virtually every period of American history has had its own tariff policy, designed to address the economic and geopolitical realities of its time.

Alexander Hamilton viewed protective tariffs as one element of a broader strategy for developing American manufacturing. His objective was not permanent protection but creating industries capable of standing on their own.

Abraham Lincoln inherited a nation whose industrial base was becoming increasingly important to its military and economic strength. Protective tariffs became part of a larger program of national development during and after the Civil War.

William McKinley became perhaps the best-known advocate of protective tariffs in American history. Yet even McKinley understood that once American industry achieved global competitiveness, reciprocal trade agreements could become more advantageous than permanent protection.

Franklin Roosevelt's administration relied less on tariffs than on reciprocal trade agreements as part of its effort to revive international commerce during the Great Depression, reflecting the economic conditions of his era rather than a universal rejection of tariffs.

Richard Nixon imposed a temporary ten-percent surcharge on imports in 1971 as part of the measures accompanying the suspension of the dollar's convertibility into gold. The tariff was intended as leverage in international monetary negotiations rather than as a permanent trade policy.

Ronald Reagan, remembered by many as a champion of free markets, nevertheless accepted voluntary export restraints on Japanese automobiles and imposed restrictions in sectors where he believed American strategic industries required time to adjust to foreign competition.

George W. Bush imposed tariffs on imported steel in 2002 to stabilize portions of the domestic steel industry, although those measures proved politically and economically controversial and were eventually withdrawn.

Barack Obama imposed tariffs on Chinese tires and later approved trade remedies affecting Chinese steel and aluminum products. His administration increasingly viewed certain trade practices as matters of industrial competitiveness rather than simply questions of consumer prices.

Joe Biden retained many of the tariffs imposed during the first Trump administration while adding export controls, domestic manufacturing incentives, and subsidies aimed at strengthening strategically important supply chains under legislation such as the CHIPS and Science Act and the Inflation Reduction Act.

Donald Trump has expanded the use of tariffs well beyond their traditional role as revenue measures or temporary industrial protection. His administration has treated tariffs as instruments of industrial policy, national security, and geopolitical negotiation simultaneously. **Whether history judges that approach successful will depend less on the tariffs themselves than on whether they ultimately produce competitive American industries.**

The lesson from this history is straightforward. Tariffs are neither an historical anomaly nor the exclusive property of any political party. They have repeatedly been used by presidents of both parties whenever they believed the national interest required them. The debate, therefore, should not begin by asking whether tariffs are inherently good or inherently bad. It should begin by asking whether they are likely to achieve the industrial objectives for which they have been imposed.

This matters because the discussion surrounding today’s critical minerals agenda has become detached from history. Rare earths, graphite, antimony, tungsten, gallium, germanium, and the other materials now labeled “critical” are not ordinary commodities. They are strategic industrial materials whose supply chains have become concentrated in one country—China. The challenge facing the United States is therefore not simply one of international trade. It is one of rebuilding industrial capability after decades of willingly allowing that capability to migrate elsewhere.

This distinction is important. For many manufactured products, tariffs primarily affect price. For critical materials, tariffs are intended to affect behavior. They are designed to encourage investment, alter sourcing decisions, reduce strategic dependence, and provide domestic producers with an opportunity to establish themselves before confronting fully mature foreign competitors.

Whether they succeed depends upon something that surprisingly few commentators discuss. Tariffs do not create industries. Customers create industries.

A rare earth mine without qualified customers is simply a mining project. A separation plant without long-term purchase agreements is simply a chemical processing facility waiting for business. A magnet plant without automotive, aerospace, defense, robotics, or industrial customers is merely an expensive building filled with specialized equipment.

Governments cannot legislate commercial success. They can create favorable conditions. They can provide financing. They can streamline permitting. They can offer tax incentives. They can purchase strategic inventories. They can impose tariffs. But they cannot compel customers to purchase products that fail to meet their technical, commercial, or economic requirements. That reality has been largely absent from discussions of America's critical minerals strategy.

For years I have argued that we should stop thinking from the mine forward and begin thinking from the customer backward. Original Equipment Manufacturers determine specifications. They qualify suppliers. They establish production schedules. They determine acceptable costs. They decide who survives and who does not.

Mines do not create supply chains. Qualified suppliers serving qualified customers create supply chains. Seen from that perspective, tariffs become neither inherently good nor inherently bad. They become one policy instrument among many. The real question is whether they buy enough time for domestic companies to become internationally competitive before political support fades and financial markets lose patience.

History suggests that this window is never unlimited. American industry itself illustrates the point. Tariffs helped protect many industries during their formative years, but those industries ultimately survived because they became productive, innovative, and globally competitive—not because they remained permanently sheltered from competition.

The same standard should apply to today's critical minerals sector. Investors should therefore resist becoming distracted by political arguments over tariffs alone. The more important questions are commercial. Which companies are qualifying products with major OEMs? Which companies are developing repeatable, economical production processes? Which companies are building management teams with genuine industrial operating experience rather than financial promotional expertise? Which companies are adding value at each successive stage of production? Those are the questions that determine long-term investment success.

Tariffs may influence the beginning of that journey. They will not determine its destination. **The United States is attempting something that has rarely been attempted in modern economic history: rebuilding industrial capability after voluntarily surrendering much of it over several decades.** That effort will require more than tariffs. It will require technology, capital, management, engineering, qualified customers, and above all, patience. History teaches us that tariffs have always been tools rather than solutions.

Investors would do well to remember the difference.