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[00:00:02] **Speaker 1** Alright, so I think we are getting closer to have everything being ready here.

[00:00:12] **Speaker 2** This is part of a broader episode of.

[00:00:17] **Speaker 1** No, we're kind of hitting all over the place obviously some budget stuff off the top. Yeah state budget state budget. Yeah No, this this is the only one that broadens out beyond state issues. Okay Terror threats and trade wars continue, Israel launches an attack against Iran, and the Trump administration signals it may bring the U.S. Into a war in the Middle East. There are a lot of developments around the world that are being felt back here in Wisconsin. And for more on this, we turn to Mark Koplovich, professor of political science and public affairs at UW-Madison, specializing in international relations and political economy. Thanks for joining us.

[00:01:40] **Speaker 2** Thanks for having me.

[00:01:42] **Speaker 1** So we've heard over and over that business loves certainty, but these seem to be very uncertain times.

[00:01:47] **Speaker 2** Yes, deeply uncertain times.

[00:01:49] **Speaker 1** And what does that mean for business, especially because we're interconnected. Wisconsin's not as isolated as some people may think it is.

[00:01:57] **Speaker 2** Well, it's not just business that hates uncertainty. It's international relations professors who also hate uncertainty. So in general, really bad things happen in world politics when there's a lot of uncertainty. And both on the security side and on the trade policy side, that's what we're seeing right now. So on the on the Security side, obviously, there's what's going on with Israel and Iran and lack of clarity about what role the US is going to play in that. But in terms of tariffs and economic policy, the last five months under President Trump has been week after week of uncertainty because the way the tariff policy is going is an announcement of what's gonna happen and then a reversal and then the new announcement and a new reversal. And so the way we've, the way the US and other countries of the world for decades now going back to World War II. Have tried to deal with this is by setting up the World Trade Organization and a bunch of international treaties where you lay out what countries' obligations are, both moving towards free trade, but also a lot of tariffs and substitutes for tariffs are legal under these trade agreements, but the trade agreements create certainty for business and for governments. Trump is operating effectively as if none of that exists or the U.S. Is not bound by it.

[00:03:22] **Speaker 1** Anyone who's had to buy coffee lately or is thinking about a new vehicle knows that prices are rising Is there any sense for whether a business or an individual to try and time the market or is it just buy now before? Prices keep going up

[00:03:34] **Speaker 2** Yeah, I mean, so you could imagine, I think it's the second one, because you can imagine a world, and this happened more or less under the Biden administration, with we're going to put new tariffs up on China, and we're gonna keep some of Trump's tariffs. But more or least there's the announcement of those policies, and then you can plan going forward. And both consumers and businesses can kind of make medium and long term purchasing and investment decisions based on that. What's happening now is we're going to have 10% tariffs on China, I know they're going to be 145%. I know we're gonna suspend those and in 90 days we're gonna negotiate something different and you know there's been talk of we're gonna have 90 trade agreements and we don't really have any yet. So it's hard to time the market right now because nobody knows what's gonna happen two weeks from now let alone six months from now, let alone a from now. The one thing you can plan for is the baseline now is different. So Trump has invoked the International Emergency Economic Powers Act to put up a baseline 10% tariff on everybody in the world, some higher tariffs on Mexico and Canada and China. So the one thing we all know is some things are now more expensive. But there's a lot of uncertainty now about, is that 15% or 150% going forward?

[00:04:57] **Speaker 1** We've heard a lot about trade with China being impacted by tariffs, especially in agriculture. Your specialty is the European Union. Can we find new markets there? Does anyone want Wisconsin soybeans?

[00:05:08] **Speaker 2** It's hard to shift things completely. I mean, a lot of things, you know, as I talk to my students and talk about the global economy, a lot things are just structural, right? That countries specialize in producing different things and the U.S. And China and Europe are the three largest economies in the world and a lot the trade flow patterns and why we have a deficit in some things and a surplus in other things is just kind of structurally where the U S and the European Union and China fit in the global economic. So it's hard to reallocate what we would sell to China or what we buy from China to the EU because Europe doesn't buy and sell exactly the same things. And the Canadians are wrestling with this too now if we're gonna have a trade war with Canada and Canada's talking about, we're going to re-allocate our economic relationships away from the U.S. Which has historically been 70% of our trading relationship and now we're to shift that to Europe or we're shift that other countries. It's hard to do that at all, and it's very hard to that quickly, right? So you can imagine if we're in this new world where these types of trade policies become the new permanent over the next five or 10 years, then yes, structurally things will shift, but in the short term, it's the uncertainty. Nobody's gonna want to invest in building transatlantic trade that used to go to China if it's gonna get reversed because of new tariff policies in the next six months for the next three years.

[00:06:36] **Speaker 1** Mark Koplowich from UW-Madison, thanks for your time today.

[00:06:39] **Speaker 2** Thanks for having me.

[00:06:41] **Speaker 1** Can we keep rolling? I wanna ask one more question. Oh, my bad. And then I'll take that into the credits if you want. So what I want to ask you is. We'll put this up on the web. Is there a historical parallel here? There've been a lot of comparisons drawn to the 1930s, 1950s, authoritarian governments on the rise, the slide of democracy. Are there fair comparisons, or is the world so much different in terms of interconnectedness that it's not really relevant?

[00:07:18] **Speaker 2** Yes, is the answer, right? So, on the economic side, the degree of globalization, we've spent 80 years, basically, since the end of World War II, moving towards more and more free trade, institutionalized around rules set by the World Trade Organization and other, we used to have NAFTA, now it's called the USMCA, and there's other trade agreements, and so. The world is orders of magnitude more integrated on trade and finance than it was in the 40s or 50s or 60s. And there's really no going back from that, largely because we as consumers all like all the stuff we get that's made all over the world at affordable prices, right? And businesses do also. Production is globalized now. It's not just like you get a bunch of inputs that are made in the US, you bring them to a factory in the U.S. And you make something and then you sell it abroad. And if you think about like Boeing building airplanes, the parts come from 70 different countries and so firms are just dependent on globalization in a way that they weren't before. The parallels are on pushing back against that, right? So what you're seeing with rising authoritarianism and populist economic policies and protectionism and things like that is very much what you saw in the 1920s and the 1930s. In the wake of the Great Depression and in response to economic uncertainty. So those of us that are political scientists that study other countries or study history, and we've seen this movie before, that the backlash against globalization and the backlash against democracy tend to go together. So you don't wanna say everything is Nazi Germany. And you don't need to go historically that far because you can look at Hungary or Poland or Turkey in more recent cases to see very similar things as what we're seeing with Trump, both politically and economically now. But there are a lot of parallels, and I think it's important to think about those parallels and what we learn from them about how you stop that, but also what can go wrong on the political side, not just on the economic side.

[00:09:37] **Speaker 1** For more on this and other issues facing Wisconsin, visit our website at pbswisconsin.org and then click on the news tab. That is our program for tonight. Frederica Freyberg will be back next week. I'm Zach Schultz, have a great weekend.