

# Economic Security as 'National Security' – An Unacknowledged Déjà-vu?

by Nicola Nymalm

"Economic security is national security", stated the 2017 United States National Security Strategy released during the first Trump presidency.<sup>1</sup> Since then, the term "economic security" has proliferated in both the United States and other states and organisations' policy declarations and documents. Japan, South Korea, the G7 and the EU have published so-called economic security strategies, while other countries, such as the UK for example, have created designated government branches to deal with economic security.<sup>2</sup> Most of the declarations or designations do not give a (precise) definition of the term.

<sup>1</sup> White House, *National Security Strategy of the United States of America*, December 2017, p. 17, <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

<sup>2</sup> UK Parliament, *UK Economic Security*, Inquiry, March-July 2025, <https://committees.parliament.uk/work/8992/uk-economic-security>; UK Government website: *Minister for Industry and Economic Security*, <https://www.gov.uk/government/ministers/minister-for-industry-and-economic-security>.

What transpires from these and other sources is that the main 'referent object of security' to be protected/propped up is economic resiliency. This is mainly about facing and countering risks and vulnerabilities due to "natural disasters, pandemics, geopolitical tensions and coercion".<sup>3</sup> It includes "maximis[ing] the benefits of its economic openness while minimising the risks from economic interdependencies".<sup>4</sup>

The strive for resiliency reflects a mainly defensive/reactive understanding of economic security aiming at minimising risks for home populations. At the same time, however, especially the US has been advocating an understanding of economic security that is premised on

<sup>3</sup> G7, *G7 Leaders' Statement on Economic Resilience and Economic Security*, 20 May 2023, <https://www.mofa.go.jp/files/100506815.pdf>.

<sup>4</sup> European Commission DG for Communication, *European Economic Security Strategy* (factsheet), 20 June 2023, <https://data.europa.eu/doi/10.2775/689907>.

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both domestic prosperity in terms of strengthening domestic communities/constituencies – partly echoing a post-Second World War understanding of economic security as human security<sup>5</sup> – as well as on maintaining/achieving a competitive edge internationally, especially regarding advanced/critical technologies. As stated by then National Security Adviser Jake Sullivan in 2023 when announcing wide ranging export controls: "America now manufactures only around 10 percent of the world's semiconductors, and production [...] is geographically concentrated elsewhere. [...] This creates a critical economic risk and a national security vulnerability. [...] We've implemented carefully tailored restrictions on the most advanced semiconductor technology exports to China. Those restrictions are premised on straightforward national security concerns."<sup>6</sup>

Additionally, the 2022 CHIPS Act allocated 53 billion US dollars in federal incentives for domestic semiconductor manufacturing and research and development.<sup>7</sup>

<sup>5</sup> Emily Benson, Catharine Mouradian and Andrea Leonard Palazzi, "Toward a U.S. Economic Security Strategy", in *CSIS Reports*, July 2024, <https://www.csis.org/node/111427>.

<sup>6</sup> White House, *Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution*, 27 April 2023, <https://bidenwhitehouse.archives.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution>.

<sup>7</sup> Michelle Kurilla, "What Is the CHIPS Act?", in *CFR In Briefs*, 29 April 2024, <https://www.cfr.org/node/252105>.

Overall, these two views reflect a split between states and organisations pursuing a narrower (reactive) versus a wider (proactive) understanding of economic security and related policies.<sup>8</sup> It also brings the already existing power and economic competition between the US and China to bear on understandings and practices of economic security.

## *Economic power competition 2.0?*

Conceptual fuzziness is not uncommon for many terms widely used in policymaking circles, previous examples including notions such as "soft power" and "hybrid warfare". While there are quite a few think tank publications discussing the term and practice of economic security, academic scholarship so far seems to be more preoccupied with related notions, such as geoeconomics and economic statecraft.<sup>9</sup>

In this context, some scholars call for revisiting the 1970s emergence of international political economy (IPE) as a (sub)field, and what IPE at the time had to say about the relationship between economic interdependence and power relations between states.<sup>10</sup>

<sup>8</sup> Mathieu Duchâtel, "Demystifying Economic Security: A Framework for the EU", in *Institut Montaigne Issue Papers*, April 2024, p. 15, <https://www.institutmontaigne.org/en/node/11062>.

<sup>9</sup> E.g. Shaun Breslin and Helen E.S. Nesadurai, "Economic Statecraft, Geoeconomics and Regional Political Economies", in *The Pacific Review*, Vol. 36, No. 5 (2023), p. 927-948, <https://doi.org/10.1080/09512748.2023.2200030>.

<sup>10</sup> Matt Ferchen, "How Not to Let a Good Crisis Go to Waste: 1970s IPE and Contemporary Economic Statecraft and Geoeconomics", in Vinod K. Aggarwal and Tai Ming Cheung (eds), *The Oxford Handbook of Geoeconomics and*

Others have discussed these debates as "securitisation of the economy" during a time of relative hegemonic decline of the US, when the dependence on imported oil, trade deficits, pressure on the dollar and global market competition led to questions such as whether the US would be able to maintain independent capabilities of military production in global markets and to what extent economic dependencies may have been exploited.<sup>11</sup>

All this should sound familiar to anyone looking at debates about economic security today. Back then, as today, it was questioned how measures taken to safeguard states' economic interests would play out in terms of a fundamental contradiction between economic security (state concerns) and capitalism (market forces).<sup>12</sup> As aptly summarised for the present-day context: "In a market economy, economic security takes the form of exceptional measures that remove economic activity from market forces."<sup>13</sup>

However, despite the occasional call for revisiting historical debates or references to publications emanating from those debates, there is – some exceptions notwithstanding – a general, somewhat surprising neglect of the historical context and parallels of great power/rising power economic competition between the US and China

*Economic Statecraft*, Oxford, Oxford University Press, 2025, p. 53-67.

<sup>11</sup> Barry Buzan, Ole Wæver and Jaap de Wilde, *Security. A New Framework for Analysis*, Boulder/London, Lynne Rienner, 1998, p. 95-117.

<sup>12</sup> Ibid.

<sup>13</sup> Mathieu Duchâtel, "Demystifying Economic Security: A Framework for the EU", cit., p. 13.

today, and the US and Japan in the past. This is even more surprising as a few scholars and commentators have pointed out how US President Trump's views on economic security, especially the role of trade and tariffs, have been shaped by his perceptions of US-Japan economic competition at that time.<sup>14</sup>

## US-Japan economic competition – back to the future?

In 1982 Japan had become the largest US creditor and, in 1985, the country running the biggest trade surplus with the US, both roles eventually taken over by China.<sup>15</sup> Despite Japan being a US ally, trade imbalances between the US and Japan were viewed as the US being both dependent on and vulnerable to Japan.<sup>16</sup> Japan was blamed for restricting its market access for US goods while 'flooding' the US market with its 'cheaper' products. "We're a debtor nation. Something's going to

<sup>14</sup> See above all the excellent work by: Jennifer M. Miller, "Adam Smith's Arthritis: Japan and Fears of American Decline", in Jonathan R. Hunt and Simon Miles (eds), *The Reagan Moment. America and the World in the 1980s*, Ithaca, Cornell University Press, 2021, p. 386-413; Jennifer M. Miller, "Let's Not Be Laughed at Anymore: Donald Trump and Japan from the 1980s to the Present", in *Journal of American-East Asian Relations*, Vol. 25, No. 2 (2018), p. 138-168, <https://jennifermiller.com/wp-content/uploads/2019/06/final-trump-article.pdf>. See also River Akira Davis, "7 Rounds of Talks and No Deal: Japan Girds for New Era of U.S. Relations", in *The New York Times*, 8 July 2025, <https://www.nytimes.com/2025/07/08/business/trump-tariffs-japan-trade-talks.html>.

<sup>15</sup> Nicola Nymalm, *From 'Japan Problem' to 'China Threat'? Rising Powers in US Economic Discourse*, Cham, Palgrave Macmillan, 2020.

<sup>16</sup> Vincent Cable, "What Is International Economic Security?", in *International Affairs*, Vol. 71, No. 2 (April 1995), p. 305-324, DOI 10.2307/2623436.

happen over the next number of years in this country, because you can't keep on losing \$200 billion [...] and yet we let Japan come in and dump everything right into our markets. It's not free trade. If you ever go to Japan right now and try to sell something, forget about it [...]. It's almost impossible", as expressed by real estate developer Donald Trump in 1988 on the Oprah Winfrey show.<sup>17</sup>

'Unfair trade' was framed as the reason for both Japan's economic success and US economic problems. The latter triggered debates on US decline and Japan replacing the US as 'Number One'.<sup>18</sup> A trade war involving a range of products, but centring on cars, consumer electronics and semiconductors ensued, and risk assessments were made regarding to what extent Japan was or would be ahead in certain critical technology sectors.<sup>19</sup> In 1987 the Reagan administration imposed 100 per cent tariffs on the import of Japanese semiconductors, and in 1988 US Congress approved a 500 million US dollar (ultimately unsuccessful) industrial policy to subsidise American chipmakers.<sup>20</sup> Vincent Cable's article on international economic security described the

situation in 1995 as "the US, the EU, Japan (and increasingly China) [being] essentially adversaries, though the weapons in countering threats to national security are economic policy measures rather than Cruise missiles and Stealth bombers. These measures involve aggressive government support for domestic producers as against foreign competitors."<sup>21</sup>

Parallels between the 2022 CHIPS Act and the 1988 industrial policy to avert a 'national security crisis' have been pointed out.<sup>22</sup> In 2025, the second Trump administration declared "that foreign trade and economic practices have created a national emergency", and using the International Emergency Economic Powers Act of 1977 (IEEPA) it imposed what it calls "responsive tariffs to strengthen the international economic position of the United States and protect American workers".<sup>23</sup> While the sweeping tariffs set out to complete the "America First Trade Policy" started during Trump's first term,<sup>24</sup> the idea behind foreign trade

<sup>17</sup> Andrew Liu, "Back to the '80s? Trump, Xi Jinping, and the Tariffs", in *N+1*, 30 January 2025, <https://www.nplusonemag.com/?p=54966>.

<sup>18</sup> Clyde V. Prestowitz, *Trading Places. How We Are Giving Our Future to Japan and How to Reclaim It*, New York, Basic Books, 1989; Ezra F. Vogel, *Japan as Number One. Lessons for America*, Cambridge, Harvard University Press, 1979.

<sup>19</sup> Vincent Cable, "What Is International Economic Security?", cit.

<sup>20</sup> Eric Boehm, "The First Semiconductor Trade War", in *Reason Magazine*, November 2021, <https://reason.com/2021/10/07/the-first-semiconductor-trade-war>.

<sup>21</sup> Vincent Cable, "What Is International Economic Security?", cit., p. 307.

<sup>22</sup> Charles Wessner and Thomas Howell, "Implementing the CHIPS Act: Sematech's Lessons for the National Semiconductor Technology Center", in *CSIS Reports*, May 2023, <https://www.csis.org/node/105483>.

<sup>23</sup> White House, *Fact Sheet: President Donald J. Trump Declares National Emergency to Increase Our Competitive Edge, Protect Our Sovereignty, and Strengthen Our National and Economic Security*, 2 April 2025, <https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security>.

<sup>24</sup> White House, *America First Trade Policy*, 21 January 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/america-first>.



and US trading partners as culprits, and tariffs as remedy, go back to the general sentiment, as well as Trump's views, on US competition with Japan in the 1980s.

### *Why history matters*

During Trump's first presidency, there was a tendency in both the policy and academic world to see it as aberration or deviation from the role of the US as a global power providing public goods, aka "hegemonic stability". However, as aptly pointed out by, for example, James Lee: "Taking a longer view of history, one observes that the hegemony of laissez-faire thinking in the United States coincided with the hegemony of the United States itself: the quarter-century following the Cold War in which the United States enjoyed undisputed primacy in the world order."<sup>25</sup> And even this quarter century was not uninterrupted, as the Japan episode shows. In both cases we can see that the US, the (former) self-declared champion of liberal democratic capitalism, free trade and free markets – which should include economic competition as a natural and necessary component – was prone to limiting competition and accusing others of not playing fair when the competition was not working out in its favour, certain legitimate concerns in trade disputes with Japan, China and others notwithstanding. While President Biden did not impose sweeping tariffs

trade-policy.

<sup>25</sup> James Lee, "Goeconomics and US Economic Statecraft", in Vinod K. Aggarwal and Tai Ming Cheung (eds), *The Oxford Handbook of Goeconomics and Economic Statecraft*, Oxford, Oxford University Press, 2025, p. 478-492.

on US allies, his administrations' approach toward competition with China was essentially continuing the line of his predecessor, Trump 1.0. Additionally, many measures taken today rest on legal provisions dating back to economic competition and conflict with Japan.<sup>26</sup>

Of course, there are also obvious differences between today and the 1980s, not least when it comes to US-China vs. US-Japan economic competition, their respective bilateral relationships with Washington and their global standing/ambitions. At the same time, the EU and other countries trying to pursue economic security while navigating great power competition must be aware of the fact that being not just a close US ally, but even "the world's most important relationship", did and does not shield Japan (and others) from being the target of perceived US insecurities, economic and beyond.<sup>27</sup>

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<sup>26</sup> See e.g. Nicola Nymalm, *From 'Japan Problem' to 'China Threat'?*, cit.; Matt Ferchen, "How Not to Let a Good Crisis Go to Waste", cit.; James Lee, "Goeconomics and US Economic Statecraft", cit.

<sup>27</sup> Max Otte and William W. Grimes, "'Die wichtigste Beziehung der Welt': Japans Beziehungen zu den Vereinigten Staaten" [The world's most important relationship: Japan's relations with the United States], in Hanns W. Maull (ed.), *Japan und Europa: getrennte Welten?* [Japan and Europe: separate worlds?], Frankfurt/New York, Campus, 1993, p. 110-139.

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