Trade Policies and Tariffs

Name

Institution

**Non-monetary benefits of open trade**

Since the second world war, trade has mainly shifted away from protectionist to open trade system. Trade is essential for growth and has opened up most countries to more opportunities. First, free trade has enabled lower prices of products across the world. The second benefit is that open trade has increased consumer choice in products, and finally, it guarantees higher income levels.

**Benefits examples**

First, the lower prices enabled by free trade is evident as more goods being imported do not face strict policies and regulations. Therefore, cheaper imports from nations like China and Mexico have eased the pressure that comes with inflation. This implies that goods go for a lower market price. Producers and manufacturers in foreign nations that make products at a lower price than domestic products have also ensured that product prices are low as they are exported. Consumer choices are increased because more products are now available. For instance, automobile products are among the most imported into the USA, and due to open trade, they are currently affordable to Americans and other nations around the world. This means that more consumers have an increased option of buying imported products or domestically produced ones. The second example is that since open trade enhances competition, more similar products are being produced by local companies due to the availability of raw materials imported at lower costs. This increase in products produced has allowed more consumers to have increased options. Today there are dippers of different brands from numerous companies; thus, parents can opt for any products (Pettinger, 2019).

**Changes in U.S. Tariff policies**

In 2020, the former president of the United States, Donald Trump, planned to impose new tariffs on $300 billion goods from China, thus sparking a trade war between the nations. A change in trade policies can impact how investors invest in a nation; thus, in this case, investors that primarily relied on imports from China also had to increase the price of their services and products. Thus, a positive change in trade policies Leeds to a positive outcome as products prices will reduce. However, a negative change will spark resistance from business people and investors. Due to the trade war between the USA and China, products exchange between the two nations has been difficult due to strict trade policies (CNN, 2019).

**Economist Opinion**

Nouriel Roubini is the first economist, and he believes that trade will make the economic conditions of fragile nations even worse. Roubini is less concerned with trade deficits but believes that the trade war is critical (Moyer, 2018). The U.S. tariffs on imported goods from China create a massive risk for the U.S. economy. He believes that the current restrictions will slow down economic growth, and the U.S. should ignore the trade deficit and focus more on solving the trade war. Janet Yellen is the second economist, and she is more concerned with the changing trade agreements. She explains that the American Consumers are the most hurt. Yellen explained that the previous agreement reached under the Trump administration failed to address most of the fundamental problems that faced both China and the USA (Rappeport & Bradsher, 2021). The main difference in both perspectives is that Yellen is more concerned with the impact of the trade agreements on American consumers. At the same time, Roubini argues that the U.S. tariffs imposed on Chinese products have fostered the trade war. I agree with both opinions because the changing trade agreements have impacted the American consumer the most while the trade war is impacting fragile economies.

**References**

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