

# Trump's idea of imposing tariffs

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The Trump Administration has decided to impose tariffs on washing machines produced by foreign companies. Government Officials advocate for these tariffs for two reasons: the tariffs will protect local manufacturers and stimulate growth of local industry. The tariffs have positive and negative economic consequences that extend beyond the realms of the United States. The report will consider the economic consequences while establishing the scope, scale, and market options of the tariff situation. The analysis of multiple variables will allow for a final opinion to be presented on how to address the tariffs.

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From a bird's eye view, the only losers are foreign companies that provide a direct threat to American manufacturers like Whirlpool. However, a wider range of groups are affected and the magnitude of the scope implies that there are serious economic ramifications. Along with foreign companies Samsung and LG- American consumers, workers, and international relations are threatened by the tariffs. The damages that these groups incur will collectively threaten the United States economy. Without tariffs, American consumers have access to a diverse array of foreign and domestic goods. Increased economic competition not only improves customer satisfaction but also stimulates economic growth through lower prices. Additionally, a diverse market widens job opportunities. Lastly, free trade maintains international relations because countries feel they have an equal opportunity to thrive in international markets. The tariffs would instead erase the benefits provided by free trade and place the economy in a protectionist state. Protectionism stifles economic growth because consumers and workers are not exposed to

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diverse products and markets. The only people that would benefit from protectionism are local firms, who could monopolize the industry. As a result, there would be higher prices and limited consumer options, which are bad for economic growth.

The magnitude of the consequences of the tariffs can be evaluated by three metrics: future prices, tariff percentages, and employment statistics.

Trump's Administration has decided to implement tariffs valued at 50% on foreign washing machines. The tariffs will primarily impact Samsung and LG South Korean electronics companies that have a significant market share in the American Market. Both brands had a market presence slightly under 20%. The long-term economic consequence of the tariffs is that American consumers will have to pay higher prices for quality products; Goldman Sachs analysts predicted that the price hikes can range from eight to twenty percent. The higher prices of imports will drive consumers to purchase American products, which are allegedly of lower quality. The significant market presence foreign producers and fear local manufacturers have indicates that foreign producers are creating higher quality products.

Without the tariffs, consumers would have access to higher quality products for lower prices. Competition creates a diverse marketplace, and diverse markets allow for competitive prices and growth opportunities. The tariffs also have serious implications for employment opportunities. Prior to announcing tariffs, LG and Samsung pledged to invest into the American manufacturing sector by building new plants. LG plans to invest 250 million dollars and Samsung will build a plant in South Carolina that will add 1000 jobs. By adding more companies into the marketplace, workers will have

access to more opportunities. However, the tariffs are causing workers to question their job prospects and legislators are concerned about how committed these companies are to the American Market. Domestic companies like Whirlpool instead view the tariffs as an opportunity to promote job growth: Whirlpool intends to create 1300 jobs at their plant in Ohio. Additionally, Whirlpool projects that with tariffs they can increase their market presence, which will increase profits for them and their employees. Tariffs can spur local industry, but in the future consumers and workers will face troubles due to a lack of product and market diversity.

The purpose behind tariffs is to protect local industry from foreign competition; tariffs are also placed to help industry grow. However, they stifle a market's ability to provide a wide array of goods and services to consumers for reasonable prices. Tariffs allow for unfair practices, rob consumers of prime opportunities, and stifle economic growth. A tariff free market is protectionist in nature because free markets allow companies regardless of size or origin- to compete for consumers in a fair manner. Tariffs, however, are unfair because they provide an unfair advantage to a certain group. Markets are also intended to protect and empower consumers by providing them a range of products for various prices. Under a protectionist economy, consumer options are limited in regards to product pricing and diversity. Tariffs could allow a select few companies to dominate a market and implement dangerous business practices that would harm consumers and the economy. Tariffs, in the short run, might protect local industries from competition; however, in the future, consumers and market health could be placed in jeopardy. Government should abstain from

engaging in the market and allow the market to address the issue at hand. Free markets allow for competition, and competition forces companies to create better products for reasonable prices. Companies in a free market situation- can protect themselves by implementing competitive business practices that would reel in customers and crush competition. Companies that produce better products will have a larger market presence than companies that don't.

The idea of imposing tariffs on foreign imports of washing machines is absolutely absurd. Tariffs are an unfair practice that give a certain group of companies an advantage over other companies. Additionally, they cheat consumers from an ideal market experience because they only expose consumers to a limited number of products for higher prices. Lastly, tariffs prevent competition and a lack of market competition stifles innovation. When companies fail to innovate, they prevent growth opportunities and leave consumers with subpar products. Competition pushes companies to sell innovative products for fair prices, which is necessary for a healthy economy.