

Comparing protectionism and free trade



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Protectionism has been defined by its proponents as economic policy of putting restrictions on trade between countries. Restrictions include; imposing tariffs or taxes on imported goods, import quotas, direct subsidies, export subsidies and other government restrictive legislations. Free trade is a situation where a government tries to minimize trade barriers.

According to McKinley protectionism, he maintains that regardless of times changing tariffs duties should be applicable according to the principle that, duties should be high to measure the difference between wage paid at home and in the competing country. Free trade proponents on the other hand propose reduction of restrictions to open global markets imports and exports.

Free trade proponents believe that if a country can import a product at a cheaper price than it can manufacture it, then they can freely import it. Protectionism prefers reciprocity whereby two countries are expected to exchange equal amount of products. Protectionism claim that since countries are competing with each other, trade should not be free between countries. Free trade according to protectionism discourages creativity, and innovation as it tries to assume equality in the globe. McKinley says that countries are exceptional not equal therefore, if equality is assumed citizens of the hardworking countries are not rewarded for their hard work and sacrifices made to lift the world living standards.

Free trade is believed to promote better international relations and cooperation and also makes efficient usage of economic resources. Nations engaged in the trade build relationships which foster trade economic growth

while in protectionism competition may lead to economic boycotts or even wars.

McKinley identifies problems that can arise and offers solutions to a better managed trade. He says that the policy of reciprocity must be applied on the global market and should not be based on political favor, clear separation between politics and trade must be done.

Free trade should be exercised fairly to all economies and should not be based on politics or political favors. Economic boycotts must be avoided at all costs and restrictions of trade wars to only those countries which violate human rights. Nonetheless, economic factors must always apply.

Trade decisions should reflect the decisions and the will of the people and must not be based on the political or any philosophical positions. Governments should avoid political trade offs and ensure that they are acting to protect its citizens by enforcing moral laws against fraudulent individuals. Free trade can paralyze operations in a country if it is overdependent on the big firms to cater for business covers and benefits of its workers. Government and unions must come in agreement of the policies to be set to cover the difference in health and benefit.

Tariffs should not be feared that they increase prices, instead it should be viewed that tariffs help sustain industries which provide employment in an economy. Governments should intervene increased prices as fraudulent employers may raise prices and retain profits.

Labor management alliances and policies of manufacturing must be rebuilt. Workers and management organizations should share similar goals because both are in important in a firm.

Since businesses provides employment in our economies we need them to be protected to avoid economic panics. Full employment counters complaints in increased prices as everyone has buying ability. Economies should be well taken care of and the desire to be international economic power should be the by product of economic excellence.