

# Two key components of trade politics

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The paper "Two Key Components of Trade Politics" is an excellent example of an assignment on micro and macroeconomics. The politics of international trade policy Complementarities between trade liberalization and the protection of domestic interests form the key determinants of the resulting international trade policy which is a product of both economic and political forces, (Cheeseman, 2009). Trade policy is therefore determined by the domestic laws that govern international trade, the various trade agreements among countries and the procedures for administering the legislation and resolving various arising disputes. The policies adopted, therefore, take into account the interests of firms, suppliers, employees, and consumers hence aim to seek support for exports while also offering protection from imports. The resulting international trade policy is determined by the domestic politics which is as a result of the international trade policy and the domestic economy, (Baron, 2009). The two key components of trade politics are measures to liberalize trade and those to support domestic interests that have been negatively impacted upon by liberalization. Liberalized trade policy is beneficial in terms of the aggregate international trade since countries end up gaining from the multilateral reduction in both tariff and non-tariff barriers, (Cheeseman, 2009). It is imperative to note that; the distributive consequences of liberalized trade policy are not uniform but has concentrated effects on specific interests; which have the tendency of taking non-market actions to increase the benefits they receive or have a reduction on the costs they bear. Comparatively, protectionism is known to be characterized by client politics with benefits from protection being concentrated on those interests that compete against imports while the

costs were distributed among consumers of the protected goods. Baron (2009) document that, although consumers are often harmed by protectionist policies, the harm is typically small in relation to the per capita; hence consumers often do not take non-market actions to oppose protection. Importers are, nonetheless harmed hence often take up initiatives to oppose protectionism. Conclusively, it is evident that trade policy is characterized by majoritarian politics with export-oriented trade liberalization being characterized by entrepreneurial politics while client politics characterizing protectionism, (Baron, 2009).