

James Gillespie  
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The economic stimulus package recently passed by Congress included provisions called "Buy America." These provisions called for the strict use of United States steel in public construction projects around the country. Obama also imposed a quota on the import of 1.7 billion dollars worth of auto tires from China. These measures were passed with the intent of protecting US domestic industry but in the long run it may result in economic regress rather than progress. Obviously, these new restrictions on international trade did not sit well with China who reacted in retaliation by imposing tariffs on US poultry. Most economists believe that trade barriers such as these reduce economic efficiency by limiting the market for consumers and hindering the comparative advantage of countries.

The impact these restrictions will have on international trade and the shipping industry will be detrimental. First, this will lead to the reduction of international trade because demand for foreign products would fall as domestic products become more attractive to consumers. Consumers who formerly may have opted for cheaper foreign goods will have their options limited as the price of those goods are driven up by trade barriers. For instance, if country A, who holds a comparative advantage in producing lumber suddenly has their exports levied with tariffs and other trade barriers their products become more expensive to the consumers in the country they're exporting too. This results in country A losing their advantage in lumber. This in turn leads to a reduction in economic efficiency as it decreases the motivation for countries to specialize in industries in which they hold a comparative advantage. Secondly, this will work to reduce international trade because when trade barriers are set up by countries other countries, such as China did to the United States, retaliate with trade barriers of their own. Decreasing the amount of international trade will have a terrible impact on the vitality of the shipping industry. With less countries importing and exporting products the demand for ships and other carriers will fall greatly. Concluding, not only do trade barriers hurt consumers by providing them with less options and reducing international trade but they also hurt individual industries that thrive from free trade, such as shipping.

I believe this protectionism policy is just a temporary thing. There is a need for trade barriers for health and security reasons but barriers that inhibit free trade only work to hurt economies around the world. Although there will always be calls for subsidizing and protecting domestic industries the best policy is to allow free trade and promote economic efficiency around the world.