

15.10: Introduction to the Trade Barriers and Protectionism

What you'll learn to do: explain how barriers to trade (like tariffs, quotas and non-tariff barriers) affect businesses, consumers and workers in the economy



We have seen that international trade raises the standard of living for participating countries. Indeed, free trade maximizes the gains from international trade. While each country is better off through international trade (or more precisely, the average resident is better off), that doesn't mean that all individuals are better off. Free trade is a policy and like every policy, there are winners and losers. The winners are consumers and workers, managers and owners of firms that produce goods whose demand increases through international trade. The losers are workers, managers and owners of firms whose demand decreases as a result of international trade; that is, firms who produce substitutes for imports.

Protectionism is an attempt to mitigate the harm done by international trade. The most prominent argument for tariffs, quotas and other barriers to trade is to protect jobs and incomes that otherwise would be at risk from foreign imports. This section will explore these issues.

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- Lithographs showing Britannia sitting alone in a stagecoach named Free Trade 1846 on the road to Prosperity, waiting to be joined by the figures representing Germany, France, Austria, USA, Switzerland and Russia which are standing on a hill behind the coach. The accompanying picture shows the foreign nationals sharing a car called Protection; 1910, also on the road to Prosperity, leaving the stagecoach far behind.. **Authored by:** Library of the London School of Economics and Political Science. **Provided by:** Wikimedia. **Located at:** https://commons.wikimedia.org/wiki/File:Vote_for_Tariff_Reform.jpg. **License:** [Public Domain: No Known Copyright](#)

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