
Original Paper

International Trade Policies: Cost, Benefits, and Ethics

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“In order to justify their awful actions,
they even altered the true meaning of words and values.”

(In Thucydides’ History of the Peloponnesian War,
Book 3, Chapter 82, Section 4)

Abstract

International trade is the purchase and sale of goods by companies in different countries. Consumer goods, raw materials, food, agricultural products, pharmaceutical products, energy, and machinery all are bought and sold in the international marketplace. International trade allows countries to expand their markets and access goods and services by importing them, otherwise may not have been available domestically. As a result of international trade (exports and imports), the markets become more competitive and a fair trade is necessary for countries to maximize the wellbeing of the citizens, too. International fair-trade policies and trade restrictions are the set of agreements, regulations, and practices by a government that affect trade with foreign countries, which is a combination of standards, laws, and practices that influence imports and exports. Trade policies can include regulations, devaluation of currencies, dumping, tariffs, and quotas, with which they want to restrict trade and set policies that protect local industries from foreign competition. Ethical trade policies must have a number of benefits, including economic growth, employment, attracting domestic firms to produce locally more efficiently at lower costs of production, and to lead countries to autarky and to maximization of their social welfare. These trade policies are effective if the price elasticities are high (elastic). The empirical results show that most of these elasticities are small (inelastic).

Keywords: Ethics and Economic Welfare, International Trade, Commercial policy: Protection, Promotion, Trade Negotiations, International Policy Coordination, Provision and Effects of Welfare Program, Labor: Public Policy, Antitrust Policy, Model Evaluation and Testing

JEL (Classification): D6, F10, F13, F42, I38, J38, L40, C52

1. Introduction

Countries that realize macroeconomic specialization have a comparative advantage in the production of a good or service. Comparative advantage¹ refers to the ability to produce a good or service at a lower marginal cost and opportunity cost than another good or service. When a country can specialize in the production of a specific product, it benefits from international trade. Ricardo was the first economist,

¹ Absolute and comparative advantage are two concepts in economics and international trade that influence how and why nations and businesses devote resources in producing particular goods and services. Absolute advantage means one entity can manufacture a product at a higher quality and a faster rate for a greater profit than another competing business or country. Conversely, comparative advantage considers the opportunity costs when manufacturing multiple types of goods with limited resources. See, Segal (2024). See also, Heakal (2024).

who recognized the importance of differences in relative or comparative costs, as the basis for international trade, with his *labor theory of value*. Then, the theory was expended with more factors of production and other important conditions, the effects of differences in returns to scale, factor intensities, and factor endowments, the Heckscher-Ohlin theory.²

International trade was, is, and will be necessary for every nation because it contributes to the countries' social welfare. Of course, there are advantages and disadvantages (costs vs benefits), as there are with any economic activity. The trade policies have to be constructed in a way that the trade benefits exceed the trade costs. Everything in public policy has to do with cost-benefit analysis in a democratic society, the wellbeing of its citizens and not its allies or the world.³ The benefits of the international trade⁴ can be: (1) It can provide a foundation for international growth through exports and imports. (2) It can improve financial performance with global opportunities on investment, production, technology, research and development. (3) It can spread out the risk a brand or a business must assume through international diversification. (4) It can encourage market competitiveness necessary for firms to thrive. (5) It can benefit countries from the value of their currencies, due to exchange rates differential among countries. (6) It can generate some protection to participants through instruments of financing international trade.⁵ (7) It can improve the experience of domestic firms and make them more competitive.

The cost of international trade can also be very high not only for the businesses involved but for the entire country. (1) There is always a political risk (micro-, macro-, and universal-risk) involved with international trade and foreign direct investment because domestic policies of all the countries change overtime.⁶ (2) There can be exchange rate risks, due to volatility of foreign currencies and difficulties to forecast their values. (3) There is a credit, quality, and assessment risk for international transactions, but we can use instrument, to reduce its risk, which increase its cost (letters of credit, insurance, bankers' acceptances, etc.). (4) International trade increases the risk of proprietary information theft, marketing concepts, or even a personal identity.⁷

International Trade (Current Account) in the Balance of Payment is the exchange of goods and services among countries. Total trade equals exports plus imports and the Trade Account = Exports of Goods – Imports of Goods.⁸ In 2019, the total international trade was just under \$19 trillion. More than 25% of the goods traded are machinery and electronics, like computers, boilers, and scientific instruments. Almost 12% are automobiles and other forms of transportation. Next come oil and other fuels

² Eli Heckscher presented this theory first in “The Effects of Foreign Trade on the Distribution of Income”, *Economisk Tidskrift*, 1919, which was reprinted in Howard S. Ellis and Lloyd A. Metzler, eds. *Readings in the Theory of International Trade*, Chapter XIII, The Blakiston Company, Philadelphia, 1950. This theory was elaborated on by Bertil Ohlin in *Interregional and International Trade*, Harvard University Press, Cambridge, 1933.

³ This is an anti-social and unethical policy imposed by the enemies of the “nation”, the devastators of the independent nations.

⁴ See, Gaille (2017).

⁵ See, Kallianiotis (2019a, pp. 393-413).

⁶ See, Kallianiotis (2019a, pp. 415-443).

⁷ See, Siddiqui (2023) and Lewis (2017).

⁸ U.S. Imports: The top imports to the United States are, Cars: \$144 billion, Computers: \$92.4 billion, Packaged Medical Treatments: \$84.1 billion, Broadcasting Equipment: \$82 billion, Crude Petroleum: \$75.1 billion. The US imports mostly are from, China: \$438 billion, Mexico: \$326 billion, Canada: \$264 billion, Germany: \$116 billion, Japan: \$112 billion. U.S. Exports: The top exports from the United States are, Refined Petroleum: \$58.4 billion, Crude Petroleum: \$52.3 billion, Cars: \$47.6 billion, Integrated Circuits: \$44.2 billion, Petroleum Gas: \$34.7 billion. The U.S. exports mostly are to: Canada: \$218 billion, Mexico: \$196 billion, China: \$122 billion, Japan: \$63.1 billion, Germany: \$59.2 billion, which are less than imports and we have a trade account deficit with them (TA<0). See, Webber (2022).

contributing 11%. Chemicals, including pharmaceuticals, add another 10%.⁹ Countries that want to increase international trade aim to negotiate free trade agreements.¹⁰

Exports create jobs and boost economic growth, as well as they give domestic companies more experience in producing for foreign markets. Over time, companies gain a competitive advantage in global trade. The only way to boost exports is to make trade easier (free) overall, but it is not fair. Governments do this by reducing tariffs and other blocks to imports. This policy reduces jobs in domestic industries that cannot compete on a global scale. It also leads to job outsourcing, which is when companies relocate call centers, technology offices, and manufacturing to countries with a lower cost of living, so lower cost of production.

Imports allow foreign competition to reduce prices and expand the selection, like tropical fruits¹¹ and vegetables all year around, for consumers, even manufacturing products. Countries with traditional economies (agriculture, fishing, hunting, gathering, or some combination of them) could lose their local farming base as developed economies subsidize their agribusiness and have a very low cost of production.¹² Both the United States and EU do this, which undercuts the prices of the local farmers compared to other countries, but still EU¹³ and U.S. have an enormous amount of imports. The United

⁹ See, Amadeo (2021a and b).

¹⁰ Some of these trade agreements are: (1) The North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico was one of the largest free trade deals. Trade between the three countries totaled \$1.2 trillion in 2018. When you consider its history and purpose, NAFTA's advantages far outweigh its disadvantages. On November 30, 2018, U.S., Mexican, and Canadian leaders signed the United States-Mexico-Canada Agreement (USMCA), which updated NAFTA in areas such as digital trade and intellectual property. (2) The Trans-Pacific Partnership (TPP) was negotiated between the United States and 11 other countries—all of which border the Pacific—and it aimed to enhanced trade and investment among the TPP partner countries. The countries involved were Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The TPP included new trade requirements addressing the compatibility of regulations and support of small businesses. In 2016, President Trump withdrew the U.S. from the deal since January 2017. On March 8, 2018, the other 11 TPP countries signed a modified agreement to keep the deal intact without the United States. (3) The Transatlantic Trade and Investment Partnership (TTIP) would have linked the United States and the European Union (EU), two of the world's largest economies. It would have increased trade by removing all tariffs between the two entities. However, like with the TPP, the Trump administration did not favor the deal as much as the Obama administration. Negotiations stalled, and the EU declared the talks obsolete in 2019. (4) U.S. also participated in the most important multilateral trade agreement, the General Agreement on Tariffs and Trade (GATT). Although the GATT is technically defunct, its provisions live on in the World Trade Organization (WTO). (5) Once agreements move beyond the regional level, they need help. The World Trade Organization steps in at that point. This international body helps negotiate and enforce global trade agreements. (6) The United States has many other regional trade agreements and bilateral trade agreements with specific countries. See, Amado (2021b).

¹¹ Bananas are the cheapest fruits on earth, too much exploitation of these poor people and nations, which is completely unethical.

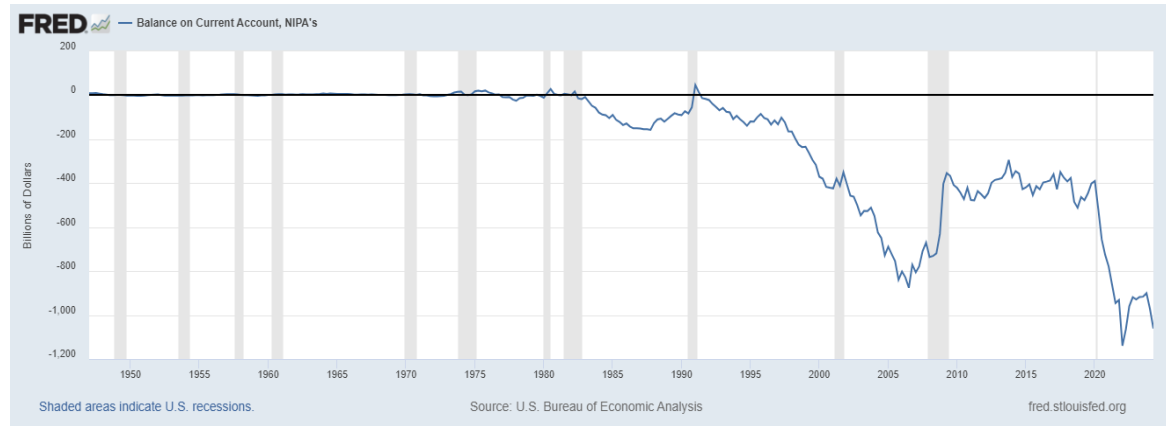
¹² International Comparisons of Hourly Compensation Costs in Manufacturing, 2012 was: Norway 178, Switzerland 162, U.S. 100, Philippines 6, all foreign countries 81, OECD 86, Europe 114, Euro Area 116, East Asia ex-Japan 47. See, “International Comparisons of Hourly Compensation Costs in Manufacturing, 2012, International Comparisons of Hourly Compensation Costs in Manufacturing, 2012 : U.S. Bureau of Labor Statistics (bls.gov). See also, Labour Costs, Trading Economics, Labour Costs - Countries - List (tradingeconomics.com)

¹³ See, “China Challenges EV Tariffs Imposed by Europe With WTO Complaint”,

https://www.bloomberg.com/news/articles/2024-08-09/china-takes-europe-s-ev-tariffs-to-wto-as-trade-tensions-rise?cmpid=BBD081024_NEF&utm_medium=email&utm_source=newsletter&utm_term=240810&utm_campaign=nef

States has a huge trade deficit (Graphs 1 and 2). When you compare America’s import and export components from 1960-2024, the total is a trade deficit¹⁴ of more than \$1,094 billion, from which \$277.795 billion are with China.¹⁵ For this reason some trade policies are necessary for the country, to

¹⁴ See, Graph 1: Balance on Current Account (CA)

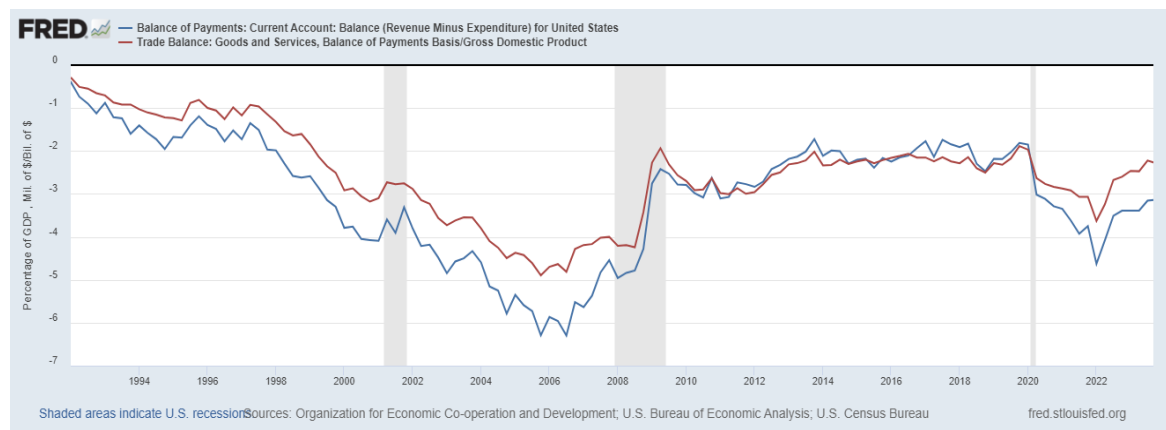


Note: With 2024:Q2, the CA = -\$1,061.336 billion and with 2024:Q3 went up to CA = -\$1,219.614 billion.

Source: Balance on Current Account, NIPA's (NETFI) | FRED | St. Louis Fed

¹⁵ The U.S. trade balance for 2022 was -\$971.12 billion, a 13.15% increase from 2021; for 2021 it was -\$858.24 billion, a 37.01% increase from 2020; for 2020 was -\$626.39 billion, a 8.28% increase from 2019; but with the previous, Trump, administration, for 2019 it was -\$578.50 billion, a 2.46% decline from 2018. See, Webber (2022). This is an indication that trade policies are necessary. See also, “The U.S. Trade Deficit: How Much Does It Matter?” The U.S. Trade Deficit: How Much Does It Matter? | Council on Foreign Relations

Graph 2: Current Account (---) and Trade Account (---)



Note: With October 2024, it was TA = -\$98,667 million. Trade Balance: Goods, Balance of Payments Basis (BOPGTB) | FRED | St. Louis Fed

Source: Balance of Payments: Current Account: Balance (Revenue Minus Expenditure) for United States | FRED | St. Louis Fed

balance the trade account and improve the domestic production.

Trade policies are the set of agreements, regulations, and practices by a government that modify trade with foreign countries, which is a combination of standards, laws, and practices that affects imports and exports. Trade policies can include regulations, tariffs, quotas, and other tools, with which they want to restrict trade and set policies that protect local industries from foreign competition. Trade policies can have a number of benefits, including economic growth, employment, attracting domestic firms to produce locally and at lower costs of goods.

Thus, the U.S. trade policies must aim to strengthen the domestic economy, the competitiveness of U.S. industries, the national income, and the social welfare of the country. In some cases, a nation will pursue a more aggressive protectionist policy¹⁶ designed to favor its domestic industries over international competitors, which is the ethical objective of any democratic national government. Protectionism policies can include setting quotas on the number of imported commodities allowed in a country, imposing tariffs¹⁷ on imported goods, and offering subsidies for domestic producers.

2. Trade Policies Restrictions: Theories and Practices

As with all theories (θεωρία),¹⁸ there are opposing views, here, too. International trade has two contrasting views regarding the level of control placed on trade between countries, free trade or protectionism.

I. Free trade is the simpler of the two theories. This approach is also sometimes referred to as laissez-faire economics. With a laissez-faire approach, there are no restrictions on trade because supply and demand factors, operating on a global scale, will ensure that production happens efficiently for the entire world (the “innocent humanistic” globalization). But is this policy fair and especially, for the advanced economies?

II. Protectionism holds when regulations of international trade are important to ensure that markets function properly, ethically, and fairly. Advocates of this theory believe that market inefficiencies may hamper the benefits of international trade, and they aim to guide the market accordingly and for the advantages of the citizens of the country (patriotism).

Trade policies or restrictions must improve efficiency in an economy and can be aimed at a number of issues related to importing and exporting, such as, foreign retaliation, jobs and income, by using

¹⁶ Trade protectionism is a policy that protects domestic industries from unfair foreign competition. The four primary tools used in trade protectionism are tariffs, subsidies, quotas, and currency manipulation. See, <https://www.thebalancemoney.com/what-is-trade-protectionism-3305896>

¹⁷ Tariffs are a form of import taxes, one which governments levy (impose) on imported goods before they are allowed to enter the country. This effectively raises the price of foreign goods compared to domestic rivals. See, <https://www.thebalancemoney.com/tariff-pros-cons-and-examples-3305967>

¹⁸ A theory is a rational type of abstract thinking (but we do not know the source of these thoughts) about a phenomenon, or the results of such thinking (mostly very suspicious one). The process of contemplative and rational thinking is often associated with such processes as observational study or a philosophy or research. Theories may be scientific, belong to a non-scientific discipline, or no discipline at all. Depending on the context, a theory's assertions might, for example, include generalized explanations of how nature (creation) works. The word has its roots in ancient Greek (θεωρία = θεός+ᾠρα ἢ +όραω, τό θεωρεῖν, θέα, θέαμα, παρατήρησις, σκέψις, λογική σκέψις, φιλοσοφικός συλλογισμός), but in modern use it has taken on several related meanings. Then, to theorize is to develop a body of knowledge. In modern science, the term "theory" refers to scientific theories, a well-confirmed type of explanation of nature, made in a way consistent with the scientific method, and fulfilling the criteria required by science. Scientific tests should be able to provide empirical support for the theories, or empirical contradiction (“falsify, falsifiability or refutability test) of it. Scientific theories are the most reliable, rigorous, and comprehensive form of scientific knowledge, in contrast to more common uses of the word "theory", which imply that something is unproven or speculative (which in formal terms is better characterized by the word hypothesis).

devaluation of the currency, quotas, tariffs, subsidies, etc. or they may focus on protecting intellectual property, setting standards that promote collaboration and reduce or place trade barriers, or establishing trade agreements and trade laws. Also, they can help U.S. firms to reduce export costs, increase exporting efficiency, and better compete in the global market, among other initiatives. They can provide antitrust protection and other benefits to U.S. firms that collaborate on exporting activities. As a result, these domestic firms get the advantage of reduced shipping costs, better negotiating power, and the ability to fill larger export orders.

It is necessary domestic industries of a country to be protecting from foreign competition. If foreign goods and services with lower cost of production easily enter the domestic market, it increases domestic competition, and entire industries can go bankrupt. Also, countries must protect their infant industries until they become mature and internationally competitive. Some countries want to make sure their strategic industries thrive. Such industries usually contribute to national security, employment, technology, value chains with various other industries, and social welfare. Imports benefit foreign producers, foreign labor, and foreign income as money flows from the domestic economy abroad. Any transaction that generates a capital outflow from the country is a debit (deficit, minus, reduction, deterioration) for its Trade Account.

In addition, trade restrictions generate government revenue, too. The government obtains a source of income other than individual or business taxes by imposing import tariffs, Figures 1 and 2 (tax revenue). It is necessary, trade to be fair and not completely free. If the international trade is unfair and anti-social, there will be retaliations. An unfair trade practice is dumping, which is common in many countries, like, Japan, Korea and others.¹⁹

Trade restrictions can take many forms, like, (1) Import tariffs, (2) Import quotas, (3) Embargoes, (4) License requirements, (5) Standardizations, (6) Subsidies, and other policies:

(1) Import tariffs (t) are taxes on imported goods from abroad.²⁰ The tariff's effect is to increase the price of imported products (P^*) when they enter the domestic market (P_M), through an increase in the terms of trade (TOT):

$$TOT = p = \frac{P_M}{P_X} = \frac{S P^*}{P} \quad (1)$$

where, $TOT = p$ = terms of trade, P_M = price of imports, P_X = price of exports, S = spot exchange rate, P^* = foreign price, and P = domestic price.

Tariffs can take two different forms. (1) Ad-valorem tariff: The value is based on a certain percentage (%) of the original price of the imported product. Although the percentage is fixed, if the price changes the nominal import tariff will also change. (2) Specific tariff: It is based on a fixed nominal (\$) amount. An example is \$100 per unit of the imported product.

The terms of trade with tariffs become:

$$TOT(1 + t) = p(1 + t) = \frac{P_M(1+t)}{P_X} = \frac{S P^*(1+t)}{P} \quad (2)$$

where, t = tariff rate or specific amount.

$$\begin{aligned} \text{i.e., } TOT &= \frac{1.0855 \frac{\$}{\epsilon} \epsilon 10}{\$16.2825} = \frac{\$10.8550}{\$16.2825} < 1 \Rightarrow TOT(1 + 0.50) = \frac{1.0855 \frac{\$}{\epsilon} \epsilon 10 (1+0.50)}{\$16.2825} = \\ &= \frac{\$16.2825}{\$16.2825} = 1 \end{aligned}$$

¹⁹ See, "U.S. Blames Japan For Dumping Steel", U.S. Blames Japan For Dumping Steel - The New York Times (nytimes.com). See also, Market Structure and Dumping | SpringerLink

²⁰ See, Heller (1973, pp. 164-179).

with a 50% tariff, we made the $TOT = 1 \Rightarrow P_M = P_X$ (U.S. is as competitive as the foreign country, Euro-zone), Figure 1 and 2.

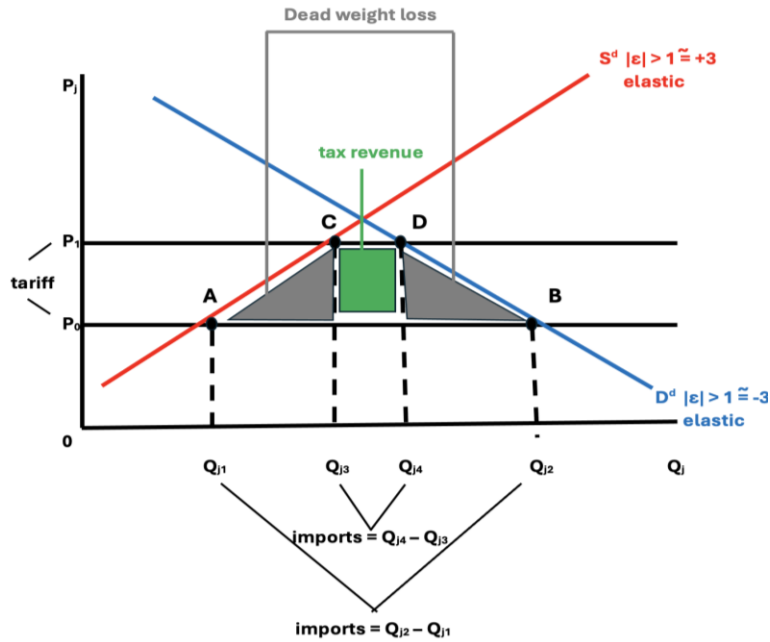


Figure 1. Tariff on Imports

Note: D^d = domestic demand, S^d = domestic supply, Q_j = quantity of good j, $p_j = TOT_j$ = relative price or TOT of good j, p_{j0} = price of commodity j, $p_{j1} = p_{j0} + tariff$, demand and supply are both elastic, $|\epsilon| > 1$.

As the price of imported products rises (from \$10.8550 became \$16.2825 per unit), domestic buyers may be less interested in buying them. The hope is that they will switch to domestic products, which will benefit them variously, too. Import tariffs benefit domestic producers by reducing their competitive pressure from abroad and allowing them to capture higher sales (more production, creation of jobs, and income). Furthermore, for the government, tariffs are a source of income. The higher the tariff, the greater the government (tax) revenue, but a balance is necessary, here, between benefits and cost, a fair trade with an optimal tariff and to reach the highest possible welfare level. However, tariffs also raise another problem. Domestic consumers bear a higher price, but their employment, income and quality of the products can increase. They may not want to switch to domestic products because they can only get some features from imported products. The price elasticity of demand for imports (ϵ_p^M) is important, too, as it is the income elasticity (ϵ_Y^M).²¹

$$\epsilon_p^M = -\frac{\Delta M}{\Delta p} \frac{p}{M} = -\frac{\partial \ln M}{\partial \ln p} \tag{3}$$

$$\epsilon_Y^M = \frac{\Delta M}{\Delta Y} \frac{Y}{M} = +\frac{\partial \ln M}{\partial \ln Y} \tag{4}$$

where, ϵ_p^M = price elasticity of demand for imports, ϵ_Y^M = income elasticity of demand for imports, ΔM = change of imports, Δp = change in prices (TOT), ΔY = change in income, $\partial \ln M$ = partial derivative of the logarithm of imports, $\partial \ln p$ = partial derivative of the logarithm of prices, and $\partial \ln Y$ = partial derivative of the logarithm of income.

If $\epsilon_p^M = -1$, an increase in prices by 50% reduces imports by 50%, but if the $|\epsilon_p^M| > 1$, an increase of

²¹ See, Heller (1973, pp. 21-27).

prices by 50% reduces imports more than 50% (elastic demand for imports), Figure 1. Inelastic demand for imports ($|\varepsilon_p^M| < 1$) and supply of exports do not improve the trade, when prices are increasing, due to tariffs, Figure 2. For the trade to improve ($TA > 0$) the Marshall-Lerner condition, eq. (5), must be satisfied.

$$|\varepsilon_p^M| + |\varepsilon_p^X| > 1 \tag{5}$$

where, ε_p^X = price elasticity of supply of exports.

For the trade to be improved, after a tariff (t), the domestic demand and supply for commodity j must be elastic, $|\varepsilon| > 1$. The tax revenue is small and the dead-weight loss high, Figure 1. If the demand and supply are inelastic, $|\varepsilon| < 1$, there is no trade improvement, but there is a big tax revenue for the government and a small dead-weight loss, Figure 2. The objective of any fair-trade policy is to improve the country's trade account ($TA > 0$), to increase domestic income and employment, and these improvements are satisfied only with elastic demands ($|\varepsilon_p^M| > 1$) and supplies ($|\varepsilon_p^X| > 1$). Then, there is a need for policies to make the demand and supply elastic, with good domestic substitute products.

We can estimate these price elasticities of demand for imports and supply of exports by running the following regressions, eqs. (6) and (7).

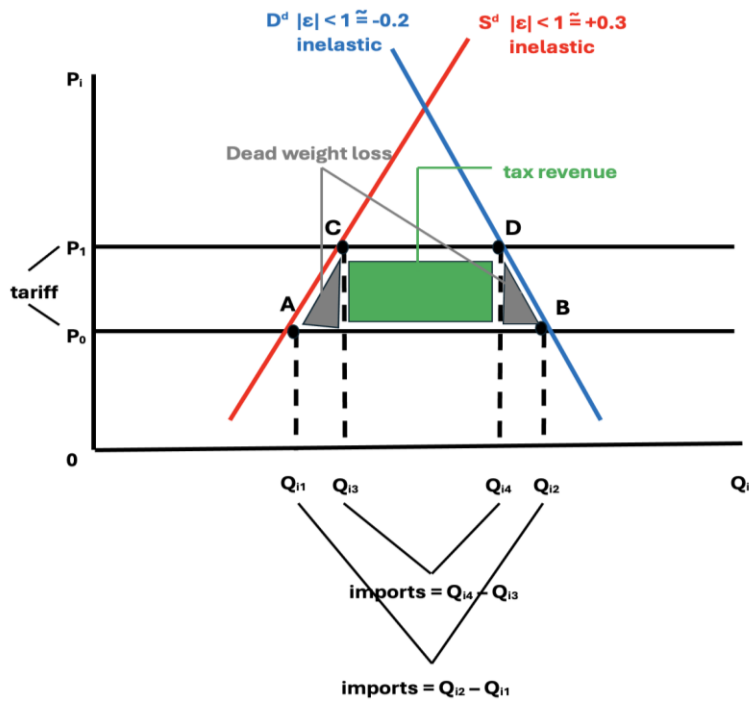


Figure 2

Note: See, Figure 1, Q_i = quantity of good i; demand and supply are both inelastic, $|\varepsilon| < 1$.

$$x_t = \alpha_0 + \alpha_1(s_t + p_t^* - p_t) + \alpha_2 y_t^* + \varepsilon_t \tag{6}$$

$$m_t = \beta_0 - \beta_1(s_t + p_t^* - p_t) + \beta_2 y_t + \varepsilon_t \tag{7}$$

Where, all the variables are in natural logarithms (ln) and for the Marshall-Lerner to hold, we must have, $|\alpha_1| + |\beta_1| > 1$. The estimations of price and income elasticities are shown in Tables 1, 1a, 1b, 2a, and 2b below.

(2) Import quotas (q) limit the quantity of goods entering the domestic market, essentially creating a cap on the amount that can be imported. This directly reduces the supply of foreign products in the domestic market. These restrictions can limit the stock of a popular foreign product. Then, if domestic producers cannot increase their own output to meet the remaining demand, quotas can create shortages.

This is because there is an excess demand for the limited supply, leading to a situation where people want to buy more than what is available. As a result, the price of domestic goods inevitably rises. This can be beneficial for domestic producers, who face less competition from imported goods and can potentially charge higher prices. However, domestic consumers are the ones, who bear the brunt of this strategy (trade restriction). They have to deal with higher prices, due to the market shortage and may have fewer choices of products available; but the domestic producers can increase their production and employment, so they can benefit workers and their income, and also the social welfare of the country.

(3) Embargoes are political decisions to stop transactions with individual countries, including export or import activities. Embargoes may only apply to some products or include all goods and services. Embargoes are for political and strategic rather than economic reasons. For example, the United States banned arms sales to Indonesia from 1999 – 2005 because it considered Indonesia to have committed human rights violations in the East Timor case. Embargoes are more likely to come from economically strong countries such as the United States and the EU than from developing countries. It becomes a form of political punishment to isolate and destroy a country because it does not subjugate to the dark powers (the global terrorists), i.e., Russia.²²

(4) License requirements. Some countries use import or export licenses to restrict trade. To ship foreign goods into the domestic market, importers must obtain a license. The government can limit the granting of import licenses. For example, the government may not issue licenses for certain products from certain countries for specific purposes to improve the trade account ($TA > 0$). Meanwhile, export licenses reduce shipments of goods abroad. They are usually used to restrict trade in certain products or to keep domestic prices from rising or to punish a foreign country. Producers may be more interested in selling abroad and at a higher price. If this is the case, they can increase their exports. An increase in exports reduces supply in the domestic market. If, at the same time, producers are not compensated by increasing production, it is likely to lead to a shortage, pushing prices up.

(5) Standardizations refer to establishing specific requirements that products must meet before they can be sold in a particular market. These standards can encompass various aspects, such as public health, consumers' safety and health, environmental safety, and even local content requirements. These are sets of criteria a product needs to pass to be deemed fit for the market. Governments can strategically use standardization to limit imports. For example, the meat must be 93% lean, otherwise cannot be imported. They can raise these standards to a level where fewer imported products qualify, effectively reducing the number of foreign competitors in the domestic market. While this might seem like a good way to protect domestic industries, it can also have unintended consequences, like high cost for the domestic consumers. By making it harder for foreign products to meet the stricter standards, the variety of choices available to domestic consumers shrinks, but can improve the trade account and the quality of the imported products.

(6) Subsidies work in reverse with import tariffs. Instead of imposing import duties, the government provides grants to domestic producers to encourage exports. The objective is the same as the other trade

²² Since the February 24, 2022, when Russia defending itself invaded Ukraine to protect the Orthodox Christians from the atheist West and NATO, the U.S. and EU imposed severe embargoes, sanctions, export controls, and sabotages on Russia that have expanded significantly every day. Some of recent sanctions are: (April 15, 2021 - Blocking Property with Respect to Harmful Foreign Activities of the Russian Government). (August 20, 2021 - Blocking Property with Respect to Russian Energy Export Pipelines). (March 8, 2022 - Prohibiting Certain Imports and New Investment). (March 11, 2022 - Prohibiting Certain Imports, Exports, and New Investment). (April 6, 2022 - Prohibiting New Investment in and Certain Services to the Russian Federation), and many others. See, Russia Sanctions and Export Controls (trade.gov). The pseudo-leaders of the West are completely controlled because they have been corrupted by masonry since the French (Jacobins) Revolution. See also, "Who were the Jacobins, the ruthless radicals of the French Revolution?", *History Skills*, Who were the Jacobins, the ruthless radicals of the French Revolution? - History Skills. Also, "Jacobins: Political Faction of the French Revolution", The Jacobin Club [1789-1799] French Revolution | Reign of Terror (byjus.com). In addition, see, Jim Marrs, "The French Revolution",

<https://freemasonrywatch.org/frenchrevolution.html>

restrictions, improving the domestic trade account. Subsidies can take many forms, including reduced production costs, cheaper access to credit,²³ or subsidies on the price of goods exported. Subsidies make domestic goods more competitive when entering international markets. Farmers and manufacturers charge low prices for their export products. The source of subsidy payments is tax revenue. So, indirectly, it is not the government that pays taxes but the taxpayers. Households or businesses may not use the subsidized product. All the social costs are paid by taxpayers or are increasing the national debt²⁴ that future generations have to pay.

3. Pros and Cons of Trade Restrictions

Trade restrictions are trade policy instruments used to maximize the social welfare of a democratic and sovereign country. The **pros** of trade restrictions are many and necessary for the wellbeing of the citizens of a nation.

(1) When domestic industries are threatened from foreign firms, they may ask for tariffs. Thus, when a domestic industry feels threatened, it asks the President²⁵ or Congress to tax its foreign competitors' imports. By doing so, the government can please key players (businesses, workers, and investors) in a domestic industry.

(2) Restrictions can create more domestic jobs in certain industries. When goods are tariffed, the industry that produces those goods often sees an increase in production and in job creation. This helps employ more people in the sector. Governments must safeguard domestic jobs and maximize the country's

²³ In the past, there were even reserve requirements on loans to importers, which were increasing the interest on these loans and were discouraging importers to borrow money from banks, so imports were declining. Today, there are no required reserves in banks since March 26, 2020 and the poor taxpayers have to bail-out the corrupted banks. See, Federal Reserve Board - Reserve Requirements. These modern monetary policies have increased banks' risk enormously.

²⁴ The U.S. national debt was \$36.213 trillion with December 10, 2024. See, U.S. National Debt Clock : Real Time (usdebtclock.org). Even the Secretary of the U.S. Treasury, Janet Yellen, and some other "experts", like Nobel laureate, Paul Krugman, have said that "debt does not matter"; also, "abortion and [illegal] immigration provide a huge boost to the economy". Further, "Millionaire Treasury Secretary Janet Yellen appeared out-of-touch when asked about inflation under President Joe Biden — insisting she goes to the grocery store "every week" and isn't shocked by the skyrocketing prices".

<https://www.msn.com/en-us/money/markets/millionaire-treasury-secretary-janet-yellen-gives-out-of-touch-response-to-skyrocketing-grocery-prices/ar-BB1oVmDX>. Liberalism, the tarnished globalization (woke ideology, DEI, perversions, etc.) have destroyed the western economies and our value system. These are the effects of lack of leadership that we are facing the last years. If someone wants to see the effects of liberalism on our societies, he can watch the Olympic Games of 2024 in the extreme liberal France of Emanuel Macron. See, "Musk and Butker Join MAGA for Olympics Drag Queen Freak Out", Elon Musk and Harrison Butker Join MAGA for Olympics Drag Queen Freak Out (thedailybeast.com). See also, "How the Olympics opening ceremony triggered a debate on 'woke ideology' in France", How the Olympics opening ceremony triggered a debate on 'woke ideology' in France (theconversation.com). Unfortunately, France has been destroyed since 1789 with the Jacobins Revolution that it is called the French Revolution, where the Christian King Louis XVI, his wife Marie Antoinette, and many thousands, chiefly aristocrats, were executed. See, Jim Marrs, "The French Revolution", <https://freemasonrywatch.org/frenchrevolution.html> This war against Christianity has been revived by the same people, lately. See, Mearsheimer and Walt (2007), De Ruiter (2022 and 2023), and Kallianiotis (2024).

²⁵ In 1980s, the shoe industry in the U.S. was threatened by foreign competition and representatives from the industry visited President Reagan and asked for their protection and the President said this anti-Americans famous expression: "the allies first". (*Sic*).

employment.²⁶ In today's interconnected world, with free trade and inhumane globalization, intense competition from countries with lower labor costs, like India and China, can threaten domestic jobs. Trade restrictions can act as a buffer, making imported goods more expensive and encouraging consumers to buy domestic products. This can incentivize businesses to hire locally, supporting domestic employment and fostering a sense of economic security, growth, and income.

(3) Another advantage of trade restrictions is the protection of infant industries; there are also antitrust laws in International Trade.²⁷ New industries, often called "infant industries", may require temporary shelter from fierce foreign competition.²⁸ Trade restrictions, like import tariffs, quotas, etc., can provide this breathing room, allowing domestic companies to develop their skills, technologies, and production efficiencies. Once they are established and became competitive, these restrictions can be eased, allowing them to compete on the global stage.

(4) Trade policies must take National Security into consideration. Certain goods and technologies are deemed crucial for national security. These might include strategic materials, energy sufficiency, advanced weaponry, R&D, AI or cutting-edge communications equipment. Governments have to use trade restrictions to control the import and export of such goods, ensuring they do not fall into the wrong hands and potentially compromise national security. Of course, a true leader must prevent wars. Today, our "leaders" do exactly the opposite, they cause wars without any reason. They are followers by just following orders.²⁹

The **cons** are limited, and their small negative effects are necessary and acceptable for satisfying the ultimate objective of any public policy.

(1) Consumers pay higher prices, but they have more jobs and higher incomes. Tariffs are a tax, and like any tax, they increase the price that consumers pay for a good, Figures 1 and 2. Trade restrictions, tariffs or quotas act like an invisible hand, limiting the variety of imported goods available for grocery and other stores. This often leads to higher prices for consumers, who have fewer choices and may end up paying more for domestically produced high quality products compared to what they could get in a free trade environment. Of course, the price elasticity of demand for imports plays a major role on the benefits of these restrictions. The elastic demand, $|\varepsilon_p| > 1$, Figure 1, has improvements on trade account by reducing imports drastically and benefits the domestic economy.

(2) Another drawback of trade restrictions can be a reduction in innovation and efficiency. Competition is a powerful driver of innovation. When shielded from the pressure to compete with foreign companies that offer better or cheaper products, domestic producers may have less incentive to innovate and improve their own offerings. This can lead to stagnation in the long run, hindering overall economic efficiency and potentially harming domestic industries in the future, when they eventually face global competition, but the current benefits are huge, due to reduction in imports even through the cost differential.

²⁶ Today, they cannot satisfy this public policy objective and changed the way of measuring unemployment. With these policies and lies, they tried to win the elections and stay in power. The official U.S. unemployment rate with November 2024 was 4.2% and the unofficial 7.8%. See, "Table A-15. Alternative measures of labor underutilization", Table A-15. Alternative measures of labor underutilization - 2024 M07 Results (bls.gov) and United States Unemployment Rate (tradingeconomics.com)

²⁷ See, "Understanding Anti-Trust Laws in International Trade Law", Understanding Anti-Trust Laws in International Trade Law - Reidel Law Firm - Texas Based, Global Reach

²⁸ See, Heller (1973, p. 164).

²⁹ The objective of the dark powers is reduction in population, which is obvious from all the means that they use and the controlled politicians are applied them. See, De Ruiter (2023 and 2022). See also, "Population control: Is it a tool of the rich?", Population control: Is it a tool of the rich? - BBC News. Further, "The Dark History of Population Control", The Dark History of Population Control | Climate & Capitalism (climateandcapitalism.com)

(3) A dead-weight loss is also possible with trade restrictions or absolute losses for a segment of society.³⁰ By limiting trade, both countries involved miss out on potential gains from specialization and efficient production (comparative advantage). One country might be better at producing textiles, while another excels in making electronics. Free trade allows them to focus on their strengths and exchange goods, creating a bigger economic pie for everyone to benefit from. Trade restrictions shrink this pie, leading to a phenomenon called dead-weight loss, where everyone loses out on potential gains, Figures 1 (higher dead-weight loss $|\varepsilon_p| > 1$) and Figure 2 (small dead-weight loss $|\varepsilon_p| < 1$).

(4) The trade restrictions might hurt relationship with other countries. Countries do not like when tariffs are imposed on their exports, so the relationship between countries often deteriorates. They often retaliate with their own tariffs on similar products. But, we must have a trade policy that its social benefits exceed its social cost. This must be the objective of public policies, maximization of the welfare of the citizens of the country,³¹ and not the “allies first”.

4. Some Empirical Results

We estimate eqs. (6) and (7) by using first, an OLS method and then, using an $AR(p)$ and $MA(q)$, transfer function to correct for residual serial correlation. The data are for the period 1981:03 to 2024:03 the longest (Canada) and from 2004:12 to 2024:03 the shortest (EU). The equation results are shown in Tables 1a, 1b, 1, 2a, and 2b. The objective, here, is to measure the elasticities and to test the Marshall-Lerner condition.

The Marshall-Lerner (ML) conditions ($|\alpha_1| + |\beta_1| > 1$) are as follows for our seven trader partners of the U.S.A.:

(1) U.S.-Mexico: $0.161^{***} + 0.271^{***} = 0.432 < 1$ (ML condition does not hold, inelastic supply of exports and inelastic demand for imports).

Correcting for serial correlation: $0.112^* + 0.141^{**} = 0.253 < 1$ (ML condition does not hold, inelastic X and M).

(2) U.S.-Canada: $0.829^{***} + 0.367^{***} = 1.196 > 1$ (ML condition holds, relatively elastic X and M).

Corrected: $0.381^{**} + 0.289^{***} = 0.670 < 1$ (ML condition does not hold, inelastic X and M).

(3) U.S.-U.K.: $0.051 + 0.906^{***} = 0.957 < 1$ (ML condition does not hold, inelastic X and M).

Corrected: $0.061 + |-0.076| = 0.137 < 1$ (ML condition does not hold, inelastic X and M).

(4) U.S.-EU: $|-0.834^{***}| + 0.217^{***} = 1.051 > 1$ (ML condition holds, relative elastic X and M)

Corrected: $|-0.746^{***}| + 0.190 = 0.936 < 1$ (ML condition does not hold, inelastic X and M).

(5) U.S.-Switzerland: $6.751^{***} + 1.089^{***} = 7.840 > 1$ (ML condition holds, elastic, but they are questionable, very high elasticity of X).

Corrected: $4.382^{***} + 0.364 = 4.746 > 1$ (ML condition holds, but very high elasticity of supply of exports).

(6) U.S.-Japan: $0.027 + 0.298^{***} = 0.325 < 1$ (ML condition does not hold, inelastic X and M).

Corrected: $0.283^{***} + 0.324^{***} = 0.607 < 1$ (ML condition does not hold, inelastic X and M).

(7) U.S.-Australia: $0.414^{***} + 0.125^* = 0.539 < 1$ (ML condition does not hold, inelastic X and M).

³⁰ The famous theorem of Stolper and Samuelson (1941) produces one particular, and especially stark, result in a highly stylized model. It shows that trade creates absolute losses for a segment of society, and not just relative losses. See, Dani Rodrik, “A Primer on Trade and Inequality”, A primer on trade and inequality (harvard.edu). In addition, see, “4 Keys to Trade and Tariff Graphs”, 4 Keys to Trade and Tariff Graphs - AP/IB/College - ReviewEcon.com

³¹ “America First”. See, “The Long History Behind Donald Trump’s ‘America First’ Foreign Policy”, Donald Trump and America First: History Behind the Phrase | TIME. See also, Kallianiotis (2019b).

Corrected: $0.605^{***} + 0.102 = 0.707 < 1$ (ML condition does not hold, inelastic X and M).

Table 1. U.S. Exports and Imports from Australia

Variables	Australia			Australia	
	x_t	x_t		m_t	m_t
$-\alpha_0$	0.135 (0.176)	-0.452 (0.973)	β_0	-9.070 ^{***} (0.329)	-8.918 ^{***} (0.992)
α_1	0.414 ^{***} (0.044)	0.605 ^{***} (0.103)	β_1	0.125 ^{**} (0.050)	0.102 (0.131)
α_2	0.615 ^{***} (0.012)	0.680 ^{***} (0.078)	β_2	1.636 ^{***} (0.033)	1.617 ^{***} (0.100)
AR(1)		0.979 ^{***} (0.012)	AR(1)		0.868 ^{***} (0.037)
MA(1)		-0.762 ^{***} (0.032)	MA(1)		-0.511 ^{***} (0.049)
R^2	0.884	0.938		0.863	0.910
SER	0.148	0.108		0.174	0.142
F	1,672.38	1,325.25		1,382.65	878.09
D – W	0.851	1.984		0.897	1.893
N	442	442		442	442

Note: $x_t = \ln$ of exports, $m_t = \ln$ of imports, AR(1) = autoregressive 1 process, MA(1) = moving average 1 process, *** = significant at the 1% level, ** = significant at the 5% level, * = significant at the 10% level, $R^2 = R$ -squared, SER = S.E. regression, F = F-statistic, D – W = Durbin-Watson statistic, N = number of observations.

Source: Economagic.com, Bloomberg, and FRED.

Table 1a. U.S. Exports to Different Countries

Variables	Mexico		Canada		U.K.	
	x_t	x_t	x_t	x_t	x_t	x_t
$-\alpha_0$	-35.892 ^{***} (0.455)	-29.208 ^{***} (2.146)	4.741 ^{***} (0.104)	7.907 ^{***} (0.534)	-7.064 ^{***} (0.584)	-6.937 ^{***} (1.427)
α_1	0.161 ^{***} (0.040)	0.112 [*] (0.067)	0.829 ^{***} (0.081)	0.381 ^{**} (0.151)	0.051 (0.070)	0.061 (0.136)
α_2	3.035 ^{***} (0.032)	2.580 ^{***} (0.138)	0.747 ^{***} (0.017)	0.249 ^{***} (0.036)	1.187 ^{***} (0.047)	1.177 ^{***} (0.113)
AR(1)		0.992 ^{***} (0.009)		0.997 ^{***} (0.004)		0.896 ^{***} (0.029)

$MA(1)$		-0.681 ^{***} (0.048)		-0.604 ^{***} (0.036)		-0.384 ^{***} (0.065)
R^2	0.966	0.985	0.810	0.970	0.797	0.912
SER	0.101	0.068	0.245	0.098	0.148	0.098
F	4,956.46	4,464.89	1,051.87	3,169.74	800.04	842.16
$D - W$	0.688	1.993	0.198	1.639	0.523	1.905
N	347	347	496	496	411	411

Note: See, Table 1.

Source: See, Table 1.

Table 1b. U.S. Exports to Different Countries

Variables	EU		Switzerland		Japan	
	x_t	x_t	x_t	x_t	x_t	x_t
$-\alpha_0$	6.360 ^{***} (0.497)	6.956 ^{***} (0.480)	65.715 ^{***} (5.357)	61.778 ^{***} (13.544)	-15.997 ^{***} (1.899)	-8.593 ^{**} (0.283)
α_1	-0.834 ^{***} (0.095)	-0.746 ^{***} (0.137)	6.751 ^{***} (0.684)	4.382 ^{**} (1.719)	0.027 (0.035)	0.283 ^{***} (0.094)
α_2	0.354 ^{***} (0.063)	0.287 ^{***} (0.100)	-4.075 ^{***} (0.436)	-3.921 ^{***} (1.157)	1.883 ^{***} (0.151)	1.425 ^{***} (0.291)
$AR(1)$						0.976 ^{***} (0.014)
$MA(1)$		0.882 ^{***} (0.067)		1.142 ^{***} (0.030)		-0.638 ^{***} (0.042)
$MA(2)$		0.721 ^{***} (0.078)		0.899 ^{***} (0.045)		
$MA(3)$		0.477 ^{***} (0.062)		0.330 ^{***} (0.040)		
R^2	0.359	0.803	0.369	0.873	0.339	0.737
SER	0.156	0.087	1.020	0.460	0.118	0.074
F	58.17	138.68	78.52	304.70	98.68	214.40
$D - W$	0.289	1.844	0.120	1.661	0.595	2.041
N	211	211	272	272	388	388

Note: See, Table 1. $MA(2)$ = moving average 2 process and $MA(3)$ = moving average 3 process.

Source: See, Table 1.

Table 2a. U.S. Imports from Different Countries

Variables	Mexico		Canada		U.K.	
	m_t	m_t	m_t	m_t	m_t	m_t
$-\alpha_0$	-19.772*** (0.295)	-20.362*** (0.955)	-11.710*** (0.192)	-11.555*** (1.364)	-9.420*** (0.212)	-6.493** (3.109)
α_1	0.271*** (0.042)	0.141** (0.060)	0.367*** (0.053)	0.289*** (0.108)	0.906*** (0.062)	-0.076 (0.111)
α_2	3.159*** (0.033)	3.171*** (0.098)	2.285*** (0.023)	2.254*** (0.151)	1.879*** (0.023)	1.506*** (0.339)
AR(1)		0.928*** (0.027)		0.986*** (0.008)		0.995*** (0.004)
MA(1)		-0.546*** (0.051)		-0.588*** (0.031)		-0.646*** (0.028)
R^2	0.968	0.983	0.958	0.992	0.912	0.981
SER	0.105	0.078	0.186	0.083	0.237	0.110
F	5,135.87	3,851.85	6,865.82	14,249.15	3,313.76	6,640.72
D - W	0.702	1.831	0.243	1.760	0.300	1.862
N	347	347	611	611	639	639

Note: See, Table 1.

Source: See, Table 1.

Table 2b. U.S. Imports from Different Countries

Variables	EU		Switzerland		Japan	
	m_t	m_t	m_t	m_t	m_t	m_t
$-\alpha_0$	-14.218*** (0.780)	-13.097*** (1.560)	-31.915*** (1.185)	-27.287*** (3.120)	5.269*** (0.274)	3.707*** (1.334)
α_1	0.217*** (0.082)	0.190 (0.123)	1.089*** (0.176)	0.364 (0.430)	0.298*** (0.052)	0.324*** (0.112)
α_2	2.518*** (0.084)	2.402*** (0.164)	4.166*** (0.121)	3.624*** (0.323)	0.585*** (0.045)	0.764*** (0.164)
AR(1)		0.886*** (0.048)		0.799*** (0.026)		0.928*** (0.026)
MA(1)		-0.591*** (0.079)				-0.500*** (0.048)
R^2	0.908	0.934	0.818	0.925	0.362	0.706
SER	0.087	0.075	0.265	0.171	0.123	0.084

<i>F</i>	1,130.77	637.66	599.23	813.18	109.31	183.13
<i>D – W</i>	1.031	1.888	0.474	2.226	0.572	1.820
<i>N</i>	232	232	269	269	388	388

Note: See, Table 1.

Source: See, Table 1.

These empirical results show that trade restrictions will be more effective and beneficial for the U.S. if they will be imposed on trade with Canada, EU, and Switzerland, but less useful for trade with Mexico, U.K., Japan, and Australia.

5. Ethics and Trade Policies

Ethics (ἠθική = ἡ ἐπιστήμη ἢ ἐρευνῶσα τοὺς κανόνες τῆς διαγωγῆς τῶν ἐν τῇ κοινωνίᾳ συμβιούτων ἀνθρώπων, δογματικὴ διδασκαλία, ἀντίληψις περὶ ἀγαθοῦ) is a moral philosophy or a discipline concerned with what is morally good and bad, morally true and lie, and morally right and wrong.³² The term is also applied to any social system, democracy, culture, traditions, politics, economics, history, anthropology, biology, sociology, decision making, justice, social interest, and it is discussed with the theory of moral values, moral life and virtues (fear of God, faith, courage, justice, prudence, temperance, moderation, modesty, humility, hope, love), theological principles, and practical moral problems. The Greek moral thought was originally based from the 600s B.C. on a new moral approach emerged, at that time, which was using rational arguments leading to the rise of moral philosophy as a distinct mode of thought. This has been attributed to Socrates, Plato, Aristotle (the “supreme good”, eudaimonia, εὐδαιμονία = εὖ + δαίμων, θεότης, εὐημερία), and many others up to the Revelation in the 1st century A.D. Unfortunately, today, our problem is the imposed ignorance as wisdom.

International trade gives consumers of different countries the opportunity to be exposed to goods and services that are not available in their own countries, or they are more expensive domestically, due to high cost of production or they are different in quality. The importance of international trade was recognized early on by political economists such as Adam Smith (1723-1790), David Ricardo (1772-1823), Eli Filip Heckscher (1879-1952), Bertil Gotthard Ohlin (1899-1979), Wassily W. Leontief (1905-1999), Wolfgang Friedrich Stolper (1912-2002), Paul A. Samuelson (1915-2009), and others (like, Hesiod,³³ 8th century B.C. and Xenophon,³⁴ 5th century B.C.). Trade policies are codified into

³² Today, they have baptized (their new dictionary) the right as wrong, the ethical as unethical, the moral as immoral, the perversion as regular and law of the nations, the killing of the unborn child as women’s right, the depravity as integrity, corruption as virtue, the lie as truth, and the propaganda and the disinformation as news. See, *The Woke Dictionary*, *The Cancel Culture Dictionary*, *The Political Correctness* and many other trashes that “experts” are using, today, to “educate” our children. There is a Greek expression about today’s education: «Τά παιδιά μπαίνουν στά σχολεῖα κούτσουρα καί βγαίνουν τοῦβλα.» See, «Αρκεῖ ἡ Περιφρόνησις; Ἡ Ἐκκλησιαστικὴ Ἠγεσία ἐπρόδωσε τὴν ἀποστολὴν Της!» - *Αρκεῖ ἡ Περιφρόνησις; Ἡ Ἐκκλησιαστικὴ Ἠγεσία ἐπρόδωσε τὴν ἀποστολὴν Της!* - Ορθόδοξος Τύπος (orthodoxostypos.gr). Ζῶμεν, σήμερον, εἰς ἕναν κόσμον ἀμαθείας, πονηρίας, ὑπουλότητος, ψευδολογίας καί δολιότητος, ὑποκρισίας, ἀδικείας, κακίας, εἰθισμένον νά μεταμορφοῦται καί νά ὑποκρίνεται ὅτι λέγει τὴν ἀλήθειαν, βδελυρὰς ἀσχημοσύνης, ἔχων ἔφεςιν εἰς αἰσχρὰς ἐπιθυμίας, πρόξενον τῶν ἀμαρτημάτων, ἀντίπαλον τῆς ἐλευθερίας καί τῆς ἰατρείας τῆς ψυχῆς, δολίας καί ἐπιπλάστου εὐλαβείας καί δαιμονιώδους ζῶης, ὀλεθρίου ἐπιστήμης, δαιμονιώδους πλάνης, καί παγκοσμίου δουλείας. (Σταχυολογήματα ἐκ τῆς Κλίμακος τοῦ Ἁγίου Ἰωάννου του Σιναΐτου).

³³ Hesiod, *Works and Days*: «Ἔργα καὶ Ἡμέραι, ὅπου ὁ Ἡσίοδος κάνει λόγον διὰ τὰ ἠθικά διδάγματα, τὰ ὅποια πρέπει νά ἀκολουθοῦν οἱ ἄνθρωποι. Ἐπίσης δίδει συμβουλὰς εἰς τοὺς ἀγρότας διὰ τὴν καλλιέργειαν τῆς γῆς καί ἀναφέρει πῶς ἡ ἐργασία εἶναι ὁ μόνος δρόμος, ὁ ὁποῖος ἐξασφαλίζει τὴν ἐπιτυχίαν. «Ἔργον δ' οὐδέν ὄνειδος, ἀεργίη δέ τ' ὄνειδος» δηλαδή «καμία ἐργασία δέν εἶναι ντροπὴ, ντροπὴ εἶναι νά μὴν ἐργάζεται κανεὶς». Εἰς τό ἴδιον ἔργον δίδει ἀκόμη συμβουλὰς διὰ ναυτιλιακά, ἐμπορικά καί γεωργικά ἔργα, καθ' ὅς καὶ διὰ τὸν γάμον καί τὴν ἀνατροφήν τῶν παιδιῶν, προσπαθῶν

law; others are part of the practices that a nation's government follows. They are intended to reflect a national philosophy about a fair and ethical international trade. Of course, as a public policy, trade policy must satisfy the ultimate objective of the citizens of the country, which is the maximization of the social welfare. Today, most of the laws and regulations are not only unethical, anti-social, unfair, but also criminal (like the abortion, etc.),³⁵ and they become worst (liberalism, woke, DEI, gender reassignment,³⁶ cancel culture, etc.),³⁷ lately. The global ethical and moral trend is negatively (downward) sloped (χάος, chaos, destruction),³⁸ but we (educators) are pretending that we do not see it.³⁹

Different countries are endowed with different assets, natural resources, and factors of production, such as land, labor, capital, entrepreneurship, and technology. International trade allows developed countries to use their resources more efficiently, but at the same time, they experience an enormous trade deficit, due to higher cost of production and high cost of living. Countries that can produce the same good more efficiently; in other words, more quickly and at a lower cost are exporting it abroad. If a country cannot efficiently produce an item, it can obtain it by trading with another country that has this advantage. This is known as specialization (which can increase productivity and provide a comparative advantage for a firm, the economy, or the country). International trade can also be harmful to developed and smaller nations, putting them at a disadvantage on the world stage, due to high cost and lack of the factors of production. Then, these countries need some protection; to trade less and move towards an autarky state (self-sufficiency, independence, freedom).

In free democracies, the desire to preserve a certain way of life, isolated from foreign influences, may be

νά προτρέψη τόν ἄνθρωπον νά γίνη καλύτετος καί περισσότερον ἐνάρετος. See, Hesiod: *Works and Days*, *Theogony*, and *Shield of Heracles*.

³⁴ Xenophon (5th - 4th centuries B.C.), the Father of Economics. His notable work: *Hellenica*, *Anabasis*, *Education of Cyrus*, *Memorabilia*, *Symposium*, *Oeconomicus* (*Oiko-voμικός* = household management), *Hiero*, *Apology*, *Agesilaus*, *Constitution of the Lacedaemonians*.

³⁵ Abortion was the biggest issue for the liberal DNC in Chicago (August 19-21, 2024). These ignorant people are all pro-death. See, Anne Rumberger, “**Democrats Shouldn't Isolate Abortion Access**”, Democratic leaders appear set on siloing abortion access from other critical issues—including the genocide in Gaza. That's a mistake. August 19, 2024. Democrats Shouldn't Isolate Abortion Access - In These Times. These ignorant people have never learned that 1+1+1=3. Then, our educational system is wrong.

³⁶ See, “Database: More than 13,000 gender reassignment procedures on minors between 2019-23”. Database: More than 13,000 gender reassignment procedures on minors between 2019-23

³⁷ See, “Cancel Culture: Ἡ Ἐπιβεβλημένη Ἀκύρωσις τοῦ Ἑλληνορθόδοξου Πολιτισμοῦ ὑπὸ τῶν Illuminati”, *Κρυφό Σχολεῖο*, Τετάρτη 30 Ὀκτωβρίου 2024, σσ. 1-7. <http://krufoto-sxoleio.blogspot.com/2024/10/cancel-culture.html>

³⁸ “The world looks forward every four years to celebrating the Olympic Summer Games. Television networks pay billions for the right to televise the games, and athletes of the world over train and compete for the right to represent their nation on the biggest sporting stage on earth. Sadly, the 2024 Paris Summer Olympics, which have come to a close, will forever be known as the Tarnished Olympics. Radical politics tainted them. First, we had the disgusting spectacle of a truly bizarre and shocking opening ceremony where organizers mocked Jesus Christ and his Last Supper by “re-creating” one of the most important moments in human history by showcasing homosexual and transgender participants, many in drag, and an obese female LGBT activist playing the role of Christ. This sort of anti-Christian, anti-family, in-your-face promotion of the homosexual agenda is an example of what we at IOF fight against every day. It's a tough battle, because the sexual radicals are very heavily funded by those who would like to strip society of traditional values and destroy the natural family.” Brian S. Brown, President, International Organization for the Family (IOF)

³⁹ In education, this is absolutely wrong, but they force us to become ostrich and dumb. (*Sic*).

so strong that a country is willing to pay a certain economic price for the attainment of this social, rightful, humanitarian, and ethical objective.⁴⁰ Greater self-sufficiency is also often a military (security) objective. The manufacture of arms and heavy industrial equipment as well as the production of agricultural products are examples of industries that can be important for national defense. In all these cases, the benefits to be derived from greater protection should always be weighed against the additional costs incurred by the protective trade policy. Protecting all the domestic industries from unfair foreign competition must be the first priority of any national government.

For ideal trade to occur, it must make both parties better off. This is a positive-sum game, not a zero-sum game, because both sides gain. However, this does not mean that everyone is better off. The costs and benefits of trade extend beyond the actual buyer and seller in the transaction. And, once third parties are included (the citizens of the country), it is clear that trade can create winners and losers. The exporting country is making +\$100 and the importing country is losing -\$100, and the importing country is the U.S., which is not a zero-sum game but is a redistribution of wealth from the importing country to the exporting. This is an anti-social and unethical trade policy, which is what we have name as “globalization”.⁴¹ This anti-humane plague, called as “globalization” is forced on humans as a cancel culture: “You must abandon your 3,000 years old civilization, tradition, faith, culture, and value system and you have to follow our culture”. For this reason, they (the policy makers) have failed loudly in all policies, actions, and systems.⁴²

It is relatively easy to identify businesses or industries that have shut down because of competition from international trade. Likewise, it is relatively easy to identify people who have lost their jobs in those industries. Of course, consumers have many imported products much cheaper, now, like their cars, clothing, and food, due to international trade (imports), if they have a job and an income to buy

⁴⁰ See, “Why Trump tariffs pose a bigger threat to China’s economy this time” By Marius Zaharia

November 6, 2024, 6:19 PM. Why Trump tariffs pose a bigger threat to China’s economy this time | Reuters

⁴¹ Richard W. Fisher (2008) has defined **globalization** as, “an ecosystem in which economic potential is no longer defined or contained by political and geographic boundaries; economic activity knows no bounds in a globalized economy; a globalized world is one where goods, services, financial capital, machinery, money, workers and ideas migrate to wherever they are most valued and can work together most efficiently, flexibly and securely”. To paraphrase, actually, to correct this definition, **globalization** is a virus (disease) of our global socio-economic system, which has been imposed forcefully on every nation and individual, and in which socio-economic potentials are no longer defined or contained or controlled by nations, their governments, their public policies, and their domestic objectives, but activities, laws, ideas, woke ideology, pressure, cancel of the moral and ethical Christian culture, and exploitation know no bounds in this globalized chaos; in this globalized world, goods, services, financial capital, machinery, money, workers, crime, ideas, migrate to wherever they want and without any control to maximize their self-interest and impose their will, acting against the social-interest and against the sovereign nations’ objectives (open borders). If this (globalization) is the system that we were dreaming after the fall of communism in 1990 (sub-culture of oppression) and the collapse of capitalism in 2008 (sub-culture of waste), it will be proved very soon that this is the worst nightmare for humanity, actually, its end. See, the Olympic Games of 2024 in France to realize the negative effects of globalization. See also, «Τελετή ενάρξεως τῶν Ὀλυμπιακῶν: Σόου σατανισμοῦ – σοδομισμοῦ!», *Ὁρθόδοξος Τύπος*, 2 Αὐγούστου 2024. Τελετή ενάρξεως τῶν Ὀλυμπιακῶν: Σόου σατανισμοῦ – σοδομισμοῦ! - Ὁρθόδοξος Τύπος (orthodoxostypos.gr)

⁴² See, Nick Kampuris, “The Olympic Games and Their Greatest Failures Ever”, https://greekreporter.com/2024/08/09/olympics-failures/?utm_source=MadMimi&utm_medium=email&utm_content=GR+Daily+News+Brief%3A+All+the+Medals+Greece+Won+at+the+Paris+Olympics&utm_campaign=20240810_m182991789_GR+Daily+News+Brief&utm_term=The+Olympic+Games+and+Their+Greatest+Failures+Ever

them. The problem is the unemployment and loss of income that imports cause to the importing country. The government of the country with its trade policy is responsible for these problems.⁴³

An ethical policy solution,⁴⁴ to avoid hurting the economy, sometimes the government proposes "protectionist" measures, which are policies designed to protect workers from foreign competition is indispensable. While these measures might save some jobs and industries, when trade volume (imports) is reduced, so are the world's benefits of trade. Some economists often suggest policies that preserve the "global" benefits of trade while addressing the costs, by compensating those who lose from trade. A domestic policy must satisfy the domestic interest, "America first". For example, many economists (with good jobs and very high income) suggest that international trade should be left largely unregulated, but that government should subsidize job-skills training programs for workers, who have lost their jobs because of trade⁴⁵ and it has to accept high trade deficits, too.

The most common and reasonable argument for tariff imposition is that particular domestic industries need tariff protection for survival. One of them is the infant-industry argument that advocates of protection often argue that new and growing industries, particularly in less-developed countries, need to be shielded from foreign competition. Tariffs or quotas are also sometimes proposed as a way to maintain domestic employment—particularly in times of recessions. A common appeal made by an industry seeking tariff or quota protection is that its survival is essential for the national interest: its product would be needed in wartime, when the supply of imports might well be cut off. Many demands for protection, whatever their surface argument may be, are really appeals to the autarkic feelings that prompted mercantilist reasoning. Autarky (αὐτάρκεια = αὐτόζ+ἀρκέω) is defined as the state of being self-sufficient at the level of the nation. A proposal for the restriction of free international trade can be described as autarkic if it appeals to those half-submerged feelings that the citizens of the nation share a common welfare and common interests, whereas foreigners have no regard for such welfare and interests and might even be actively opposed to them.

6. Concluded Remarks

International trade allows countries to buy (import) and sell (export) their products in foreign markets. This trade diversifies the products and services that domestic customers can receive from countries that have a comparative advantage and produce the same product more efficient and at lower cost, so at a lower price or they produce products that are not produced at all in the domestic economy. It offers some potential for development and expansion, but there are risks, reduction of internal research and development, lower GDP, lower national income, and creation of unemployment for the importing country. Thus, trade is not without its problems. One country can profit greatly from it by exporting, but not importing, goods and services. It can also be used to undercut domestic markets by offering cheaper, but equally valuable goods. The most of these cheaper products are very low quality ones. These are many cons, social, and ethical issues with the uncontrolled free international trade.

The objective of the trade policy is to improve our trade account with the rest of the world ($TA > 0$) by minimizing our imports, and this to happen, the demand ($Q_M = D^d$) and supply ($Q_X = S^d$) must be elastic, $|\varepsilon| > 1$, Figure 1, which means that domestic consumers have domestic substitute products. The

⁴³ See, "EU presses ahead with Chinese EV tariffs after divided vote" By Philip Blenkinsop

<https://www.reuters.com/business/autos-transportation/eu-governments-face-pivotal-vote-chinese-ev-tariffs-2024-10-04/>. Also, "China plans to hit cognac in response to European tariffs on electric cars: Beijing is going tit-for-tat in the trade war: The Chinese government plans to target brandy days after Brussels decided to impose tariffs on Chinese electric vehicles". By Jean-Michel Bezat

https://www.lemonde.fr/en/economy/article/2024/10/11/china-plans-to-hit-cognac-in-response-to-european-tariffs-on-electric-cars_6729098_19.html#

⁴⁴ See, Kaplan, (2022).

⁴⁵ See, "Arguments for and against interference", *Britannica Money*, <https://www.britannica.com/money/international-trade/Arguments-for-and-against-interference>. Also, see, International trade | Definition, History, Benefits, Theory, & Types | Britannica Money

government tax revenue is small, but this is not the objective of a tariff. There will be a dead-weight loss, due to lack of efficiency, but the reduction of imports, the higher domestic income, and the higher employment are offsetting the losses and the country can be led to self-sufficiency and autarky. The results show that the supply of exports and the demand for imports are relatively inelastic; Marshall-Lerner conditions do not hold, except with Canada, EU, and Switzerland. Then, a tariff will improve very little the U.S. trade accounts with the other four nations (Mexico, U.K., Japan, and Australia). From the ethical point of view, politicians have an obligation towards their citizens and their nation, which is maximization of social welfare through domestic production, exports, high domestic income and high employment. The latest globalists views are anti-national, anti-social, unfair for the domestic economy, and against the citizens of the country.

Lastly, there are many remaining questions regarding the international trade policies. Why does not the world have open (free) trading between countries? Why the West cannot compete with the Asian countries? When there is free trade, why do some countries remain poor at the expense of others? There are many reasons, but the most influential is something that economists call rent-seeking. Rent-seeking occurs when one group organizes and lobbies the government to protect its interests, i.e., the shoes industry. Imports of cheaper foreign shoes would negatively affect their profits and will lead the domestic firms to bankruptcy and their workers will lose their jobs.⁴⁶ Many nations benefit through international trade by focusing on producing the goods that they have a comparative advantage in, like China, India, etc. But other countries have to limit international trade through tariffs, quotas, and other restrictions to protect domestic businesses, labor, and income because do not have a comparative advantage. International trade has been shown to benefit economies globally, as a whole, but not a specific country. Public policies (monetary, fiscal, trade, etc.) have been made to benefit the domestic economies and not the foreign countries, the global economy. This is the role of any uncorrupted, free and independent democratic government.⁴⁷ Globalization has a serious disadvantage, and we have started seen its destructions on the West advanced Christian societies. Actually, there is a big conflict between East and West promoted by the Illuminati, and we see it with the creation of BRICS⁴⁸ against the IMF and the other western controlled international institutions. Is this its objective? Why politicians and media (fake news) do not talk about the true social problems, and they just scratch the surface without saying the truth. Why the salaries of the news anchors are in tenths of millions of dollars per year?⁴⁹ Where are they leading this unethical and immoral world that they have created? Lately, we see a little movement towards traditional values and many people have started to hope again. It is early to predict the outcome

⁴⁶ The free trade is completely unfair for the advanced countries, as it is the open borders policy, too. Europe is in big social crises, due to free trade and open borders and the millions of Muslims, who have intruded the Christian Europe and are acting against its faith, culture, and unique civilization. See, "Why France, Germany and the UK relate to their Muslim communities so differently", Why France, Germany and the UK relate to their Muslim communities so differently (theconversation.com) . Multiculturalism is a deceit from the enemies of humanity. Countries must be homogeneous, to have the same blood, the same language, the same faith (and the true one), and the same customs and traditions, if they want to have a future. See, Ἡροδότου «Τό Ἑλληνικόν ἐόν ὁμαιμόν τε καί ὁμόγλωσσον καί θεῶν ἰδρύματα κοινά καί θυσίαι ἡθεά τε ὁμότροπα» (Ἡρόδοτος, Οὐρανία 144, Herodotus, *The Histories*). Histories (Herodotus) - Wikipedia

⁴⁷ Unfortunately, the pseudo-leaders of the West are all controlled, today. See, Mearsheimer and Walt (2007). See, also, «Ο πραγματικός λόγος του πολέμου μεταξύ ΗΝΩΜΕΝΩΝ ΠΟΛΙΤΕΙΩΝ-NATO και Ρωσίας στην Ουκρανία», <https://orthodoxostypos.gr/%ce%bf-%cf%80%cf%81%ce%b1%ce%b3%ce%bc%ce%b1%cf%84%ce%b9%ce%ba%cf%8c%cf%82-%ce%bb%cf%8c%ce%b3%ce%bf%cf%82-%cf%84%ce%bf%cf%85-%cf%80%ce%bf%ce%bb%ce%ad%ce%bc%ce%bf%cf%85-%ce%bc%ce%b5%cf%84%ce%b1%ce%be/>

⁴⁸ See, BRICS, BRICS - Wikipedia

⁴⁹ See, "Who are the highest-paid news anchors?", Who are the highest-paid news anchors? - TheStreet

of the new President⁵⁰ and his administration, but we have to keep the new generations optimistic.

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⁵⁰ See, News about New Optimism From The New President

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