

Student Name

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Course

Date

Free Trade and Prosperity

Based on the Ricardian Trade model, it is worth having free trade even if some people are losing. Free trade promotes access to lower-priced goods with higher quality. Although some people in the home country will experience losses, imports from countries like Mexico and China are cheap, and this helps reduce the inflation rate, lowering economic pressure (Stossel 00:38 - 03:52). When prices of goods are low, it enables American citizens to save more, increasing their purchasing power of other products as they have saved more to be used in buying other products. Furthermore, free trade drives economic growth as the United States mostly inputs, and through free trade, input costs are reduced, leading to low production costs (Stossel 00:38 - 03:52). Free trade has long-term benefits even though some people will incur losses as it promotes moving workers to more productive areas, hence promoting innovation. This will result in a dynamic economy driven by new opportunities and higher wages. Moreover, fairness is promoted as companies that used to acquire favors through regulations can compete freely, promoting the development of products that have high quality and affordable.

The Ricardian model focuses on the comparative advantage in production. Therefore, it is not wrong for a company to hire workers overseas as long as they are more productive and efficient than the local workers. The model focuses on the varying abilities and skill which is crucial for productivity in the company (Stossel 00:38 - 03:52). However, it is crucial to consider the unemployment rate in the market before hiring foreign workers. This may prevent conflicting issues as the locals are stakeholders in that firm and expect to benefit

from its operations. Free trade is a business policy which gives business people room for importing and exporting without application of government favors or restrictions. Free market is a trading system in which the government does not have control on the demand and supply of products or services.

Works Cited

“Free Trade Creates Prosperity.” *YouTube*, uploaded by Stossel, John 25 Apr. 2017,

<https://youtu.be/8eU96kROClk>