What are tariffs?
A tariff is a tax imposed by one country against an imported good from another country. Tariffs are usually levied against a specific good.

There are a two different types of Tariffs:

Specific tariffs: A tariff employed against one type of good at a fixed fee unique to that good for example: India places a specific tariff of 3 dollars per pair of shoes imported from the U.S

Ad Valorem(AD*VALOR*EM) tariff: These tariffs are percentage based on the value of the good. For example: Biafra places a 10% tariff on vehicles from Kekistan, That means 10 percent of the vehicle's value, so a 10,000 dollar car would have a tariff of 1,000 dollars to import.

Tariffs account for only a part of the state's trade barrier arsenal. There on Non-Tariff import controls as well such as Import Quotas, Licences, and Voluntary Export Restraints or VERs.

Why do Governments use Tariffs?
Policy makers will enact tariffs and other trade barriers for a number of reasons, Some more political than others but most pretty self explanatory. Common causes for trade barriers are:

National Security: A country will limit the imported supply of a good critical to "national security" such as ceramic or uranium in favor of domestically produced goods to protect those industries. The idea is to keep such industries domestically viable by artificially increasing the scarcity or price of cheaper imported goods. Therefore decreasing a countries reliance on imports for national defense.

Protection of Infant Industry: Sometimes a country will protect the growth of a developing industry by enacting trade barriers to discourage more competitively priced imports, allowing an emerging domestic industry to blossom unfettered.

Protection of Domestic employment and/or Consumers: Governments will levy tariffs on goods that threaten employment domestically for example: Tariffs have been levied on competitively priced Chinese steel, this will encourage American companies that use steel to purchase American steel thus ramping up domestic steel production and "securing american jobs"

Also governments will place tariffs or other trade barriers on products that are believed to be dangerous to their population, for example: France may restrict or heavily tax fruit imports from the U.S due to a salmonella outbreak.

Retaliation: A government may enact tariffs or other trade barriers as retaliation against a transgression.

Using one or more trade barriers is known as **Protectionism,** which can be simply defined as the practice of using trade barriers to protect national interest. In contrast, **Free Trade** simply put; is international trade sans trade barriers.

The Advantages of Free Trade?

As Libertarians, many of us are pro-free trade, but why? Is it better for the economy? Many would argue yes. Protectionism at its core stifles free movement of goods. Interfering on the movement of good across borders will in-turn inhibits productivity and drives up prices. Arguably the most famous free trade agreement is NAFTA. The success has been hotly debated since it was enacted in 1993 but as Daniel Griswold from the CATO institute put it in an article from 1998

(CATO) *" …Since the passage of NAFTA in 1993, the real gross domestic product of the United States has expanded by 12 percent and civilian employment has grown by more than 8 million, including a net increase of half a million jobs in manufacturing.3 Inflation has remained subdued at 2 to 3 percent, thanks partly to the price competition of imports.*

The job "losses" that critics of free trade blame on NAFTA are mostly fictitious, based on the misuse of trade deficit numbers. About 150,000 Americans have filed for benefits under a program for workers allegedly displaced by increased imports from Mexico and Canada.4As painful as the displacement may be for those workers, the U.S. economy during the last four years has created that many net new jobs approximately every three weeks.5

Nor has investment in the United States suffered since the passage of NAFTA. Total nonresidential fixed investment in the United States has risen by one-third since 1993, from $600 billion to an annual rate of more than $800 billion so far in 1997.6 Investment in the U.S. last year included $77 billion in direct foreign investment, making the United States the No. 1 destination in the world for foreign capital. In contrast, American direct investment in Mexico since the passage of NAFTA has averaged about $3 billion a year, or less than one-half of 1 percent of the capital invested in the United States during the same period.7 So much for a giant sucking sound."

The main take-away should be that allowing the free movement of goods across borders is more conducive to economic growth, investment, and lowers cost.

Pro Free Trade Arguments

Less bureaucratic interference: The muck of government bureacracy has always been bad for business and made things more expensive

No hindrance of commodity imports: If a country needs certain commodities to produce a good, say a car.. But the required commodity is scarce or difficult to produce locally, it is cheaper and easier to import said commodity from another country that is more suited for producing it. This lowers overall operational costs, which in turn increases profit and investment back into the company and lowers consumer prices.

Reduces the Risk of domestic monopolies: Free trade can prevent domestic monopolies from overcharging the consumer due to the artificial scarcity created by tariffs and quotas.

Technological Development: Unrestricted movement of technology fosters innovation. Example: Routers produced by Cisco in Czech Republic can be imported, without the burden of trade barriers, to an Orlando Florida start-up, the startup then has a higher capacity to innovate and do business.

Consumer Choice: Giving the consumer many choices from many different countries will lower prices. Example: Oranges from Florida will have to be priced in order to compete with oranges from Brazil. The result is more money in the pocket of the consumer to spend elsewhere.

Employment: As far as job growth goes, Free trade doesn't necessarily create jobs, but instead frees up resources normally taken up by less than efficient industry. These resources; labor included, can be diverted to more innovative industry that the host country is better at, increasing productivity and profit, which in turn will increase wages and living standard.

Opponents of Protectionism also believe that Tariffs and other trade barriers can cause economic disparity on a grander scale. Economist Thomas Sowell in particular, who has been extremely critical of Tariffs, those of the Trump administration in particular places part of the blame for the misery experienced during the Great Depression on the Hawley-Smoot Tariffs of 1930. In an 2005 article by Sowell titled "*Tariffs didn't work then. wont work now*" He writes

"Most of the leading economists in the country were opposed. A front-page headline in the New York Times of May 5, 1930 read: "1,028 Economists Ask Hoover to Veto

Pending Tariff Bill." Those signing this public appeal against the new tariffs included many of the top economists of the day -- 25 professors of economics at Harvard, 26 at the University of Chicago, and 28 at Columbia.

But, to a politician, what do 1,028 votes matter in a country the size of the United States? Rep. Hawley and Sen. Smoot both ignored them, as did President Herbert Hoover, who signed the legislation into law the next month.

The economic reasons for not restricting international trade then were the same as they are today. The only difference is that what happened then gives us a free home demonstration of what can be expected to happen if we go that route again.

The economists' appeal spelled it out: "The proponents of higher tariffs claim that the increase in rates will give work to the idle. This is not true. We cannot increase employment by restricting trade."

Skyrocketing unemployment

If 9 percent unemployment was troublesome in 1930, when the Hawley-Smoot tariff was passed, it was nothing compared to the 16 percent unemployment the next year and the 25 percent unemployment two years after that. The annual rate of unemployment in the United States never got back down to the 9 percent level again during the entire decade of the 1930s.

American industry as a whole operated at a loss for two consecutive years. Farmers, who had given strong support to the Hawley-Smoot tariffs, saw their own exports cut by two-thirds as countries around the world retaliated against American tariffs by restricting their imports of American industrial and agricultural products.

The economists' appeal had warned of "retaliatory tariffs" that would set off a wave of international trade restrictions which would hurt all countries economically. After everything that these economists had warned about happened, tariffs began to be reduced but throughout the 1930s they remained above where they were before the Hawley-Smoot tariffs -- and so did unemployment.

Many factors, of course, affected the Great Depression of the 1930s. But later economists looking back have seen the Hawley-Smoot tariff as one of the factors needlessly prolonging the economic disaster.

How much wiser are we today? Not much, if at all. (Sowell, 2005)

Later on, in a Fox New segment, Sowell actually gives full comparison of President Trump's trade protectionism to that of the Hawley-Smoot bill. Which is not without good cause. The rhetoric is eerily similar.

Sources:

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