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Economic Impacts of Trump's Proposed Trade Restriction on Mexico

Recently, President Donald Trump had proposed a 20 percent trade restriction charge on all the imports from Mexico passing through the southern border wall. The president discussed the proposal on a private meeting with congressional Republicans. That has created lots of different opinions from different interested parties. In this paper, we will gauge some of the economic impacts the trade restriction proposal will generate.

According to the proposal, the winning front will be Americans people since they will accrue to large total surplus as opposed to the Mexicans. Americans are compelling Mexicans to finance an economic downfall project of creating a trade restriction wall, but in contrary, they are planning to deploy their resources (He 1). Therefore, Mexicans will be succumbing to consumer deficit in case they apply the proposed trade restriction.

Additionally, the construction of the wall will curtail the sprouting business that arose within the bordering neighbors of US. The project will upheave Americans' economy, as they will have reduced the border's porosity hence keep in check the growth of Mexico economy affecting the general pattern of trade.

Mexico will be obliged to pay for the wall since they value their relationship with the US. Their robust economy is owed to the free trade that was initiated in 1994 through NAFTA that enables Mexico's economy to ricochet to quadrupled size (He 1). Therefore, Mexico has to fund the project.

In summation, it is evident that the proposed trade restriction will accrue to large total surplus to the American economy. Mexican economy will increase to less total surplus since people had entirely depended on earlier implemented free trade policy, which accumulated to the greater producer, and consumer surplus before. Therefore, the bill should be amended before being implemented into law.

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Work Cited

He, Lucia. "Trump Could Really Mess Up Mexico's Economy," FiveThirtyEight ESPN. (Jan 26, 2017). Web. <https://fivethirtyeight.com/features/trump-could-really-mess-up-mexicos-economy/>

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