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Submission date: 28-Jan-2021 03:27AM (UTC+0500)

Submission ID: 1495601914

File name: Discussion_1.edited.docx (13.13K)

Word count: 714

Character count: 3982

Discussion 1

In the Philippines, tariffs, exchange rates, trade restrictions and comparative analysis affect trade and expansion of the economy. For instance, exchange rate in the country influences trading activities such as surplus and deficit and how they attract investors. Moreover, the country's currency to be exchanged will affect imported goods, thus being expensive (Gwartney et al., 2017). Ideally, a strong currency positively makes imports and exports cheaper. Given the factors, Walmart will automatically expand its branches in the Philippines.

A favorable business environment will attract most businesses to expand. Imposing tariffs, among other trade restrictions such as quotas, will discourage foreign investors from expanding their businesses in a particular country. Thus, for Walmart enterprises to expand their branches in the country, there should be reduced tariffs, among other restrictions. Besides, the country will benefit from the trade activities in terms of employment and tax. Trade agreements that are mutually beneficial and regulated exchange rates make the market accessible hence more investors in the country (Rodrik, 2018). Therefore, trade restrictions such as tariffs and quotas need to be removed to allow for economic expansions through trading activities. Hence, Walmart can quickly expand its branches in the Philippines after the removal of the restrictions.

Business expansion depends on internal factors of the economy such as interest rates, consumer confidence, prices and how the employment rate of the country influences demand goods. Furthermore, employment is more critical for an expansion as it influences the demand and continuous supply of goods. Consequently, consumers' confidence entirely depends on the number of wages received after a given duration (Gwartney et al., 2017). From the interest rates perspective, the expansion only occurs when the rates are lower. Thus, reduced interest rates,

prices among other factors, impact expansions. A country that experiences a trade deficit will often consume more compared to how it produces.

References

Gwartney, J. D., Stroup, R. L., Sobel, R. S., & Macpherson, D. A. (2017). *Economics: private & public choice*. Cengage Learning.

Rodrik, D. (2018). What do trade agreements do?. *Journal of economic perspectives*, 32(2), 73-90.

Discussion 2

Balance of payments states a country's partnership in terms of trade with other countries. Hence the balance of trade and exchange rates are influenced by the demand and supply of the currency and trading activities with other nations (Gwartney et al., 2017). For example, countries' desire to buy goods from America will be complicated since they will require to make payment in US Dollars. Therefore, the investors get forced to purchase the US Dollars as desired by the American companies. In this context, the currency received in dollars is reflected in the capital account of balance of payments (Frieden, 2016). Hence there will be upward pressure due to the high demand for US dollars by foreign investors.

Whether a trade deficit is good for the American economy is based on the advantages and disadvantages of its deficits. The trade deficit in the United States has both advantages and disadvantages. On the negative impacts, trade deficit affects economic growth hence possible future exchange rates (Gwartney et al., 2017). Despite the trade deficit being too harmful to the American economy, most politicians argue to reduce trade deficits to create employment. US still depends on lending and investment that have a positive impact on economic growth.

Moreover, jobs created will, in turn, strengthen the economy. Given the situation, the politicians should not be much concerned with the trade deficits. I believe that the United States will still experience strong economic growth despite the surging trade deficit. Ideally, most consumers still have more interest in their products, making more purchases from them. On the other hand, foreign investors still possess the mentality of keeping their capital to work in the United States economy (Dean et al., 2020). Hence, trade deficits do not interfere with the jobs in all sectors, but instead, it offset employment opportunities in other sectors.

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