

Discussion

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Food price surges

- Distinguish insulation vs protection

$$P_d = P_w(1+ta)+ts$$

Specific vs ad valorem tariffs

- What is contribution of export taxes?

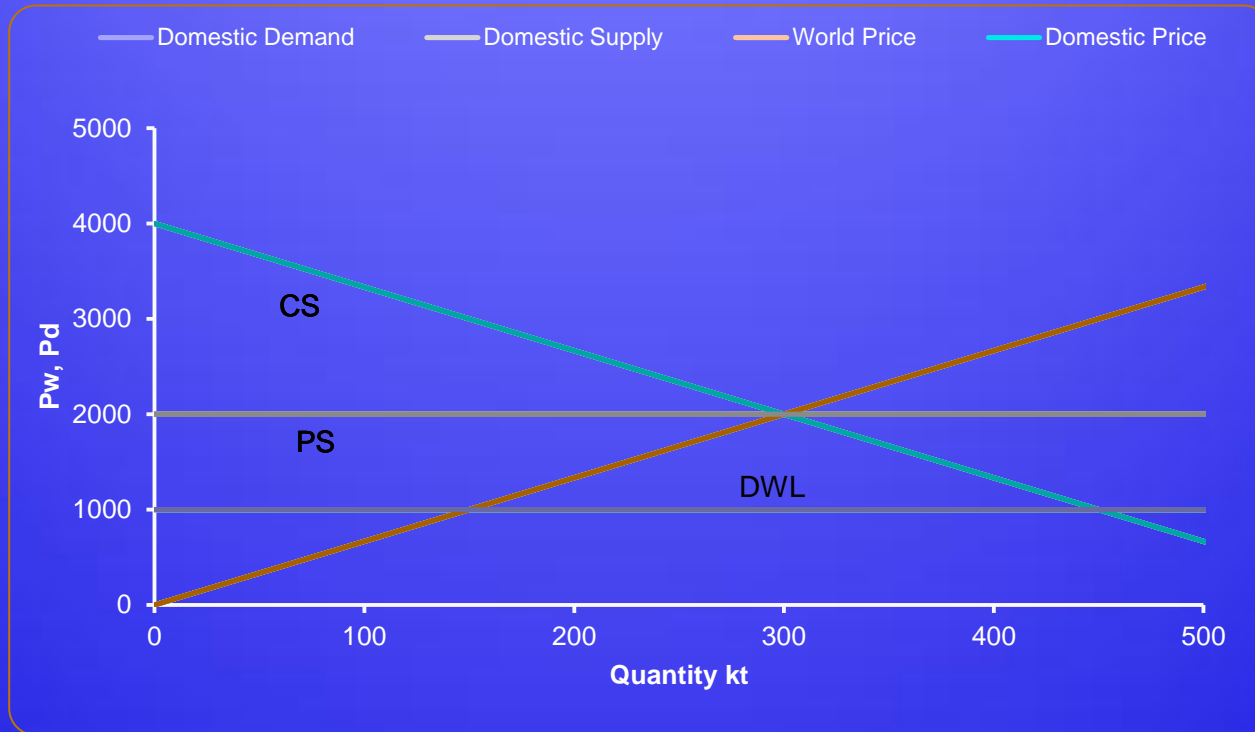
25-40%

Policy reform

- Initial equilibrium is a political economy optimum.
- Single tariff, not GE approach
- Nuisance tariffs.
- Tariff peaks.
- Which tariff cutting formula? Simplicity vs obfuscation
- What is equitable tariff cut (“reciprocity”, “balance”)? Starting point.

- Intuitive result
- Consumer surplus ignored
- Authors observe $P_w = \$1000$, $P_d = \$2000$, $Q_d = 30\text{kt}$
- Assuming $e_s = 1$, $e_d = -1$,
 - tariff equivalent = 100%
 - $DWL = \$250\text{m}$
 - $\Delta CS = \$375\text{m}$, $\Delta PS = -\$225\text{m}$

Apples (2)



- Do elasticities matter?
- What is likely supply shift without quarantine?

Apples (3)

- General equilibrium would suggest surplus measures over-stated
 - Consumers substitute from other fruit
 - Producers grow something else.