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ISSUE 1

THE RATIONAL CHOICE

On behalf of the Department of Economics, I congratulate the McMaster Economics Society on the launch of its magazine. This is a fantastic initiative that highlights the creativity and intellectual energy of our students. The Department of Economics is proud to support this endeavour. It reflects the engaged, curious, and collaborative spirit we strive to foster. A student-led publication like this enriches our academic community and opens space for fresh ideas and meaningful dialogue. I encourage all students to contribute, read, and take part in the conversations it sparks. Your voices are vital to shaping the future of economics, at McMaster and beyond. We look forward to watching this magazine grow and to the ideas it inspires.

Dr Marc-André Letendre
Associate Professor and Chair
Department of Economics

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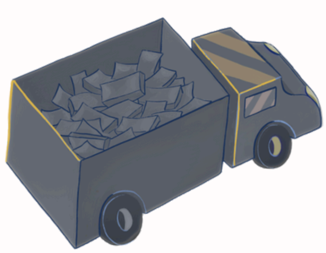

MEET THE TEAM!

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LETTER FROM THE EDITOR IN CHIEF

Hello McMaster Community and beyond,

My name is Hridi Paul, and I have the privilege of serving as the Editor-in-Chief and Founder of The Rational Choice. I am incredibly excited to share with you the inaugural issue of the first economics magazine on campus. Working with this remarkable team over the past few months has been an honour, and I am deeply grateful for everything we have accomplished together.

The past five years have shown us just how quickly and profoundly the global economy can shift. From the COVID-19 pandemic which triggered the largest economic crisis in over a century, to the rapid rise of artificial intelligence reshaping the job market, to wars and geopolitical tensions influencing global trade, uncertainty has become a defining feature of our time.

When the Rational Choice team and I selected the theme of “Tariffs and International Trade,” it was because it was impossible to ignore. It dominated the news, our lectures, and even casual conversations with friends. Tariffs sparked widespread concerns: higher living costs, job insecurity, and financial instability. Yet, amid this atmosphere of uncertainty, I noticed something remarkable. McMaster students were not only discussing these issues, they were also proposing thoughtful ideas about how Canada could respond and how Canadians could prepare. In those conversations, one truth became clear to me: McMaster students are not just observers of global challenges, they are innovators shaping the future.

This was exactly why I wanted to create The Rational Choice. From the very beginning, my vision was to establish a space where McMaster students could engage with economic discourse, share original research, and amplify student voices. Now that our first issue is here, I can say with pride that it has grown into something greater than I could have imagined.

I am profoundly thankful to every member of this team who worked tirelessly to meet tight deadlines, pour their heart and soul into writing, editing, and design, and sacrifice summer evenings for Zoom calls. A special thank you goes to my executive team, Chloe Wentzell, Rebecca Adiyiah, Aliza Raza and Sidra Anjum, who stepped into new roles with resilience and dedication, ensuring this project became a reality. I also extend my gratitude to the students who submitted their articles, to the McMaster alumni, to the wider McMaster economics community, and to the McMaster Economics Department for their unwavering support. And last but not least, I want to thank the McMaster Economics Society for their trust, guidance, and continued support throughout this project, which has been invaluable in helping us bring this magazine to life.

My hope is that this magazine inspires you. Economics can sometimes feel daunting and even overwhelming, but as this issue demonstrates, McMaster students are ready to face these challenges with creativity, insight, and courage.

With gratitude,

Hridi Paul
Editor-in-Chief and Founder, The Rational Choice

NOTE FROM MES PRESIDENT

It's my pleasure to welcome you to the first edition of the MES Magazine. As President of the McMaster Economics Society, I am incredibly proud of the work our team has put into bringing this publication to life. What you'll find in these pages reflects exactly what we the MES stands for: curiosity, creativity, and a genuine love for understanding the world through an economic lens. This magazine represents more than just articles–it's a platform for student voices, reflections, and ideas. Whether you're exploring a new topic, sharing your perspective on current issues, or simply learning something unexpected, I hope this publication encourages you to think critically and engage with the economic conversations shaping our communities. A huge thank you to our Magazine Committee for their dedication, talent, and vision. Their work has created something meaningful that we are excited to share with you. I hope you enjoy reading this issue as much as we enjoyed creating it.

Laraib Saleem
President, McMaster Economics Society

Dear Reader,
Welcome to the first issue of The Rational Choice! I can't tell you how exciting it is to share this milestone with you. The idea for this magazine came from our Editor-in-Chief, Hridi, whose vision inspired us all. What followed was a collective effort, with a group of students uniting around that dream and working together to transform to bring it to life for our community. I joined this initiative because I believe in the value of building something that speaks directly to students, by students. Economics is all around us, but often it can feel distant or confined to textbooks. With this magazine, we wanted to create a space where ideas come alive, where economics feels engaging, and where students from all disciplines can find something to connect with. Our first issue explores Tariffs and International Trade. While these topics may seem technical at first, they shape the way we live, work, and interact each day. I'm excited for you to dive into the thoughtful articles, creative takes, and hard work our team has poured into these pages. This magazine is the product of countless hours of collaboration, dedication, and passion. Every article, design, and idea was crafted by students who wanted to contribute to something bigger than themselves. I am so proud of our team and grateful to our professors, alumni, and community for their support along the way. This launch is just the beginning. My hope is that The Rational Choice becomes a lasting platform for conversation, creativity, and collaboration at McMaster. The pages ahead are not just student work; they are an invitation to think differently about economics and its place in our world. We hope you enjoy reading this issue as much as we enjoyed creating it. Here's to many more issues to come!
With hope and excitement,

Rebecca Adiyiah
Communications Director, The Rational Choice

To the Reader,
It has been the greatest pleasure to work with such an incredible team and to be part of sharing their talents with wonderful people like you. This issue's theme, Tariffs and International Trade, has been so enlightening in explaining the state of the world around us. It is important now as it has always been to stay educated, stay curious, and to be a lifelong learner. Working on this magazine has been the most enjoyable way to do so. As someone who is deeply passionate about creativity, imagination, and human communication, having the opportunity to work on The Rational Choice has truly been a labour of love and opened my mind to the need for all types of creatives and mediums within the field of Economics. Being able to weave together all of my favourite aspects of Economics with art and design has proven to be as fun as it is fulfilling. I am truly grateful for all who read this, and hope you can share in the passion and care we have poured into making this issue come to life. It is an honour to be a part of this magazine and to be able to share it with the community.
Happy reading!

Chloe Wentzell
Lead Layout Designer, The Rational Choice

Peace be Upon You All,
Economics is often criticized for being divided, too many schools, too many disagreements. But working on The Rational Choice made me realise that what is dismissed as fragmentation is often the discipline doing its most necessary work, you see, a field that refuses disagreement is not "*unified*", it's lifeless. As Logistics Director, I worked with students, faculty, and contributors who approach economic questions from fundamentally different intellectual and lived positions, these differences did not weaken the project...they disciplined it. They forced rigor, demanded accountability, and produced a magazine grounded not in consensus, but in seriousness. In times defined by polarization and simplification, choosing to listen across difference is not passive, it is an act of responsibility. To build collectively without erasing conflict or collapsing complexity is an obligation we owe to one another...and one we must actively defend. I am deeply grateful to the faculty who insisted on precision and to everyone who contributed their time, labor, and thought to this issue. What follows is not a single answer or a unified doctrine, but a collective refusal to oversimplify. It is a commitment to taking disagreement seriously, to approaching complex systems with intellectual honesty, and to building understanding without erasing difference. If this issue succeeds, it will not tell you what to think, it will demand integrity in HOW you think, and call on all of us to think together across perspectives, May Peace be with you all <3

Sidra Anjum
Logistics Director, The Rational Choice

THE RATIONAL CHOICE TEAM 2025-2026

TOP LEFT: REBECCAH ADIYIAH, MARYAM NAINAR, LAIBA IMTIAZ, EDEN ANDONI, SEOA MO, CHLOE WENTZELL, AKSHAY BHATIA
BOTTOM LEFT: MADDIE TAYLOR, GIULIA BERNARDINI, FATIMA NAQVI, HRIDI PAUL, THERES ANIL. MAHAM ALI, ALIZA RAZA
ABSENT: SIDRA ANJUM, ZEENA AL KHATIB & GARGI MOGHE

IT'S NOT YOU...IT'S ME.

Unlocking Canada's $130 Billion Trade Barrier

by Sidra Anjum

For a country that can ship maple syrup to Belgium with ease, surprisingly, Canada long struggled with the truly daunting challenge of delivering a carton of eggs from Quebec to Manitoba. On the surface, the "True North and strong Free" nation appears to be a poster child for global free trade, boasting fifteen free trade agreements with over fifty countries spanning from the European Union to South Korea to the United States. But for years, something bizarre lingered beneath that shiny international record, while tariffs often grab the headlines as major trade obstacles, some of the country's most significant restrictions were actually within its own borders. Canada, despite being one of the world's most advanced economies, has never managed to sign a comprehensive free trade agreement between its own provinces. For decades, interprovincial trade has been tangled in a confusing web of regulations, conflicting standards, and restrictions making it easier to sell goods overseas than to move them across provincial lines at home.

The story of Canada's internal trade barriers is as much political as it is economic, although the Constitution Act of 1867 promised "free trade" among provinces, in practice each province retained the right to regulate commerce within its own borders. Over time, this led to a tangled web of conflicting rules covering everything, efforts to harmonize these regulations repeatedly stalled as federal governments hesitated to overstep provincial jurisdiction. Premiers on the other hand, resisted giving up control or risking local industries being overwhelmed by out-of-province competition, this quiet economic protectionism stifled efficiency & innovation, setting aback the vision of Canada as a unified market.

A winery in Niagara faced higher costs shipping to Alberta than to France, a tech firm in Toronto encountered fewer bureaucratic headaches dealing with Silicon Valley than with British Columbia. This quiet dysfunction wasn't just a nuisance, it was an economic sinkhole. A 2021 Senate report estimated that interprovincial trade barriers cost the Canadian economy as much as $130 billion annually, nearly 6% of GDP1. For small businesses, farmers, and manufacturers, it was a daily battle of red tape, licensing restrictions, shipping fees, and conflicting regulations. But now, in a move that no Canadian leader has dared to attempt in decades, that is about to change.

On June 21, Prime Minister Mark Carney made a landmark announcement unveiling Bill C-5: Canada's internal trade barriers will be abolished starting July 1. Imagine you're a small business owner in Ontario ready to ship your handmade goods to customers across Canada. Starting July 1, you won't need to jump through hoops like getting special permits or paying for the same product tests in every province, instead, your products will flow smoothly, crossing provincial borders as easily as they do internationally.

Expanding your business won't mean dealing with a tangle of licenses anymore, you'll operate under one single license that works coast to coast, making growth simpler. When bidding on government contracts, you'll compete on a level playing field with businesses from every province, and if you hire skilled professionals like engineers or nurses, their credentials will be recognized nationwide, so they can move and work wherever the business takes them. Even selling online becomes easier, thanks to harmonized rules that cut through confusing regulations on consumer protection and sales tax. As you can witness through this simulation, these changes aren't just about convenience, they mark a powerful step toward uniting Canada's economy into one seamless market, where businesses like yours can truly thrive.

However, it's important to recognize that certain groups have long relied on internal trade arrangements that helped nurture local industries and preserve regional economic identities. Structures like provincial marketing boards for dairy and poultry have long provided stability for farmers, shielding them from unpredictable market fluctuations and intense competition that could threaten small-scale producers. These arrangements are seen as a way to protect family farms and rural communities, ensuring they can continue to thrive amid broader economic pressures. Likewise, certain suppliers and regulatory bodies have helped maintain high standards of quality and safety, fostering consumer trust and sustaining jobs that might otherwise be vulnerable in a more open market. From this perspective, preserving some degree of regional control and protection is not about resisting progress, but about safeguarding the economic fabric and social values that define many communities across the country.

While safeguarding local industries has merit, international experience shows that reducing internal trade barriers can be a powerful driver of economic growth and productivity. A revealing case comes from the European Union's Single Market. After deeper internal integration in the 1990s, EU member states saw intra-regional trade rise by more than 60% over a decade, with small and medium-sized enterprises (SMEs) gaining the most. According to a European Commission report, the Single Market has helped raise EU GDP by nearly 9%5 largely by cutting internal red tape and freeing up labor and capital flows.1 Now apply that to Canada, if even a 6% GDP gain, the upper estimate tied to interprovincial trade barriers were unlocked, it would be equivalent to adding nearly $130 billion to the economy annually.

That's not hypothetical growth through stimulus or debt, but growth from simply allowing Canadians to trade freely with one another. In this light, rather than threatening local economies, integration can empower them by providing new customers, scaling opportunities, and incentives to innovate. The key lies in managing the transition thoughtfully, not avoiding it altogether.

Opening up internal markets doesn't mean abandoning the communities and sectors that once relied on protection, it means giving them the tools, support, and time to adapt and thrive in a new environment. It will be worth watching how the Carney government continues to balance national integration with regional resilience in the months ahead. Transitional support includes targeted investments in rural development, training programs for workers in shifting industries, and innovation grants for small producers facing new competition.

Encouragingly, measures under Bill C-5, such as fast-tracked credential recognition, tax deferrals, and provincial funding for SME expansion, signal that Canada is beginning to take that responsibility seriously. On July 1, while Canadians celebrate Canada Day with fireworks and parades, a quieter revolution will be unfolding beneath the surface.

For the first time in over 150 years, Canada will begin to function more like the single market it was always meant to be. The effects won't be immediate, but over time, the economic ripples could build into waves. A farmer in Manitoba might find new customers in Montreal & a teacher from Edmonton could finally take a job in St. John's. It's a promising shift, but as with any major structural reform, the true test will lie in implementation. The goals are ambitious and the language is confident, but it will take sustained political will and careful oversight to ensure that the outcomes match the rhetoric, so that no region is left behind.

BUY CANADIAN?

HERE'S WHY IT'S NOT THAT SIMPLE

By Laiba Imtiaz

Recent tariffs have exposed Canada's trade weaknesses not only with other countries but also within our own borders. Our interprovincial trade barriers have quietly hindered economic growth and productivity for quite some time; however, amidst global tensions, they've now made "buying Canadian" much more complicated. .

What Are Tariffs?

Tariffs are taxes on goods that cross a country's borders. An import tariff (most common) is a tax on goods brought in from other countries. Who pays the tariff, and how its burden is shared, is called the tax incidence. Ultimately how much of the cost businesses absorb vs consumers depends on the price elasticity of the good, this is simply how much quantity demanded or supplied changes based on the price. If the elasticity is lower, businesses may need to absorb more of the cost, if elasticity is higher a greater portion of the tax may be passed on to consumers. However, for businesses long term the weight of these tariffs on supply costs can often get passed on to consumers in the form of higher prices. For example, if Tim Hortons, a Canadian staple, imports its coffee beans from Colombia, and Canada imposes a 25% tariff on foreign goods, Tim Hortons must pay an additional 25% to bring in those beans. While Tim Hortons is a large company and may be able to absorb some of the added costs, over time they may raise prices to maintain profit margins. Meaning you, the consumer, ultimately pays more.

If Tariffs Are Harmful, Why Do Governments Use Them?

There are several reasons why governments might impose tariffs. These include generating revenue, protecting domestic industries from more efficient foreign competitors, or as a political tactic to pressure other countries into addressing certain issues. A recent example of this is the tariffs imposed by the U.S on Canadian exports. These tariffs were primarily used as a political strategy to push Canada into acting on illegal immigration and fentanyl at the border, as emphasized by U.S. President Donald Trump on several occasions.

Unfortunately, however, most people are led astray by the political rhetoric on television and are unaware of how tariffs genuinely work. A common misconception about tariffs is that the country on which they are imposed pays them. This is untrue. If the U.S. places a 25% tariff on Canadian imports, it is actually the U.S. consumers who rely on those Canadian goods who must pay more to their government. This harms not only Canadian suppliers by making their goods less competitive in the U.S. market, but also U.S. consumers who rely on Canadian manufacturers.

Evidently, in and of themselves tariffs can become quite troublesome, not to mention economically inefficient. They cause the most harm to businesses and consumers who rely on international goods forcing them to look for domestic alternatives, and while this may seem like a good thing in theory, for Canadians it sheds light on an entirely different issue: our interprovincial trade barriers.

What Are Interprovincial Trade Barriers, and How Do They Work?

Interprovincial trade barriers are rules, regulations, or policies that make it difficult for provinces to trade with each other (Public Policy Forum, 2025). These barriers restrict the free movement of goods, services, people, and businesses across provincial borders.
To better understand interprovincial barriers and their effects, consider these scenarios:

Imagine a business in Ontario that wants to sell its products in Alberta. The company has packaged its products according to Ontario's procurement laws (procurement laws regulate how organizations buy goods and services). However, upon attempting to expand into Alberta, they discover that Alberta has a different set of regulations. Further exploration into Manitoba and Saskatchewan's regulations reveals the same issue, these provinces also have their own unique procurement standards. For business owners, navigating these varying rules can slow expansion and increase costs significantly. If they must comply with multiple standards, they may have to raise prices to maintain profit margins, making their products less competitive in each provincial market. This not only raises expenses but also reduces potential customer reach.

Alternatively, consider a construction worker or dental hygienist certified in Ontario who wants to move to another province due to the high cost of living. When researching the move, they find that licensing requirements differ and might prevent them from working in their field without obtaining new or additional certifications.

In fact, according to Statistics Canada (2024), 35.5% of businesses and individuals who hired candidates from other provinces said one of the biggest obstacles was the long wait time for candidates to get certified or licensed in their new province.
These differing license laws add extra barriers, which can limit workforce mobility, reduce productivity, slow provincial growth, and hinder the development of larger urban centers, but more on that later.

If Interprovincial Trade Barriers Are So Troublesome, Why Do We Have Them?

For one, they're often used to protect local jobs. These barriers are commonly viewed as protectionist tools, what the Public Policy Forum calls "an archaic attempt to protect domestic jobs" (Public Policy Forum, 2025, para. 5). The idea is that lifting certain policies could expose smaller provinces to competition from larger, more efficient ones, putting local industries at risk. However, job protection isn't the only reason. The Canadian Constitution gives provinces broad authority over trade and licensing within their borders. That means the federal government has limited power to enforce a truly open interprovincial market (Zanzana, 2025). Another factor? Revenue. Licensing fees and regulatory requirements can be a source of provincial revenue. For example, meat processed in a provincially licensed facility can't be sold in other provinces, even if it meets federal standards, unless it undergoes a second certification process (BNN Bloomberg, 2025).

This extra certification is a source of revenue for the province, regardless of its hindrance. Lastly, there's politics. Trade barriers give provincial leaders a sense of control. By claiming to "protect local interests," politicians can rally support even if the long-term costs outweigh the short-term gains.

While there may be some rationale behind these interprovincial trade barriers, studies show they hinder productivity and cost Canada up to four percent of real GDP per capita (Public Policy Forum, 2025). Often taking the form of inconsistent professional and licensing standards, these barriers can add between 7.8% and 14.5% to the cost of goods and services for consumers (Public Policy Forum, 2025).

Even if businesses manage to absorb the extra costs, differing licensing rules, packaging standards, and procurement processes slow expansion and cause delays. But the impact extends beyond businesses, consumers suffer too. These trade barriers restrict the flow of goods and services, leaving consumers with fewer choices and higher prices. While local businesses may benefit from reduced competition, the overall market becomes less dynamic, less innovative, and more expensive. So, while "buying Canadian" sounds appealing, it becomes much harder in practice when internal trade barriers limit access and efficiency within our own economy.

How Might Interprovincial Barriers Be Fueling Urban Overcrowding?

Interprovincial trade and licensing barriers may actually be contributing to some of Canada's deeper economic and urban challenges. While the population grows rapidly, most newcomers settle in Ontario or Alberta, often obtaining education and certifications there. However, strict provincial licensing rules make it hard to move elsewhere, even when better opportunities exist. This limited mobility adds pressure to overcrowded cities like Toronto, Mississauga, and Calgary, all places with skilled workers, but often lacking in affordable housing or sufficient jobs (Cruz, 2025). Loosening these barriers could encourage settlement in smaller or mid-sized cities, boost regional economies, increase productivity, and ease housing demand in large urban centres. Although efforts have been made to reduce these barriers, significant progress is still needed.

THE RIPPLE EFFECTS OF TARIFFS :
WHY CANADA MUST RETHINK TRADE STRATEGY

BY ALIZA RAZA

Tariffs are an essential topic in economics, with their purpose of protecting domestic industries, but they often cause harmful consequences that require Canada to incorporate a diversified, strong trade strategy. Some may think that economics and trade have little to do with our lives. however, trade affects just about everything, such as: the price of your cup of coffee, the clothing you wear, and any goods and services you purchase. Many nations are widely connected through a large global trade network, and when the web gets disrupted due to the consequences of imposed tariffs, it affects everyone. It is also crucial to know that low-to middle-income individuals often feel the impacts of these consequences much more severely.

Significantly, in international trade, countries specialize in producing goods and services while exchanging with other nations, establishing strong political and economic relationships between countries Nevertheless, globally, it is extremely complicated when factors such as politics, power dynamics between low-to high income individuals, national interests and priorities are involved. A tariff is defined as a tax imposed on imported goods, where governments implement them to protect domestic industries from foreign competition. For example, when the U.S. imposed tariffs on steel in 2018, the prime goal was to support American producers.

Despite the outcome being higher prices for U.S. manufacturers and consumers (Fajgelbaum et al. 2020). In Canada, the retaliatory tariffs on U.S. goods affect exporters and increase costs for Canadian businesses (Pujolas, 2018). rade wars, where countries impose reciprocal tariffs, rarely have positive outcomes, leading to no clear winners. Furceri explained that tariffs reduce output, increase unemployment, and worsen inequality (Furceri et al. 2019)

Going back to the U.S.-China trade war, Fajgelbaum analyzed that U.S. consumers faced an estimated $1.4 billion in increased consumer costs per month while exporters faced huge market losses, contributing to their political miscalculation (Fajgelbaum et. al., 2020).

Additionally, Canada faced brutal consequences. McMaster economist Pau Pujolas estimated that ongoing tariff wars with the U.S. will decrease Canada's GDP by up to 2 percent, impacting key sectors such as autos and steel (Pujolas, 2018). Primarily, he argues that instead of relying on reactive policies. Canada should consider refocusing on reducing internal trade barriers, leading to the GDP increasing from three to seven percent, and resilience against global shocks.

Tariffs may sound like a smart economic tool to utilize, but one should consider the long-term effects, especially when they cause more harm than good. The best solution is fair and strategic trade with diversified supply chains and multilateral cooperation, forming long-term stability in the future.

In conclusion, trade policy is not just a concept that is critical solely to the economy, but also affects citizens. When the global trade network gets disrupted, low-to middle-class families will be impacted with greater losses of their essential resources, showing the need for forward-looking trade strategies.

What Is Supply Management, Canada's Achilles Heel In Trade Negotiations?

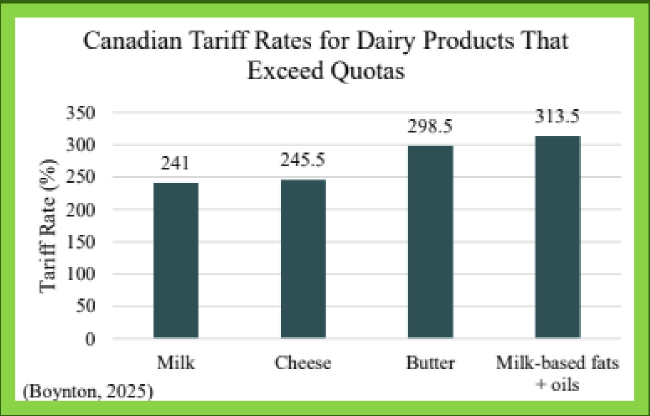
Although it often prides itself as a nation open to free trade, Canada is not absolved from economically nationalist, anti-competitive behaviour

By Akshay Bhatia

Since the rise of David Ricardo's theory of comparative advantage in the early 19th century, there has been a broad consensus among economists that free trade — not protectionism nor trade barriers — provides a net benefit to the economies involved. This consensus was not just limited to economists, but also to the broader Canadian public and both major federal political parties; a poll by Environics Institute in 2022 showed that 62 per cent of Canadians believed free trade results in a more robust economy (Adams & Parkin, 2024) while a majority of supporters of both the Liberal and Conservative parties believe free trade generates a net increase in jobs in Canada (Girard, Hannah, & Lawlor, 2025). Despite this evidence of clear support for open trade, there is still one component of the Canadian economy that still places high barriers to foreign competition: the agriculture sector, particularly the dairy, egg, and poultry industries. The protectionist measures for these industries are known as supply management, which is a decades-old federal policy that is controversial among academics, think tanks, and economists alike. It begs the question: how could a country that often prides itself as an open economy keep such restrictive policies in place?

SUPPLY MANAGEMENT EXPLAINED

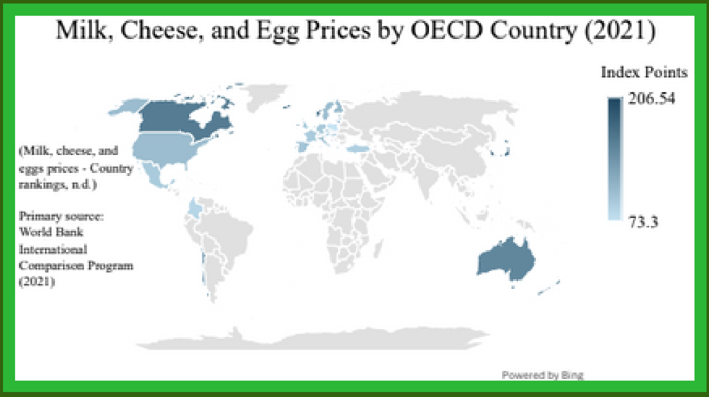
Supply management recently received substantial attention amid the current trade negotiations with the United States because its President, Donald Trump, recently claimed that Canada "is ripping [the United States] off" with this policy (Rana, 2025). Mr. Trump is likely referring to the fact that supply management benefits Canadian farmers through the restriction of foreign competition via tariff rate quotas on dairy. In accordance with the 2018 United States–Canada–Mexico Agreement, if American milk, cheese, and butter imports exceed the agreed-upon annual quota set by the trade deal, American dairy producers face a tariff rate above 200 percent which varies depending on the type of dairy product they choose to export to Canada. Such a quota fosters a lack of competition, as evident by the fact that American producers hold less than five percent of the dairy market; this means Canadian farmers can protect their incomes as these regulations allow them to hold a greater market share (Boynton, 2025).



The second component of supply management is the production quota (also known as a "license"), which places a limit on how much farmers can produce and sell; without such a policy, there would be a resulting oversupply that would lead to a crash in prices, depleting the incomes of farmers. The last pillar is minimum prices, again with the goal of ensuring fair prices and incomes for Canadian farmers. Overall, supply management enables Canadian farmers to keep their incomes and protect their industries while also helping them weather the effects of competing American farmers who are subsidized by their federal government through taxpayer dollars (Tasker, 2018).

THE IMPACT ON THE CONSUMER

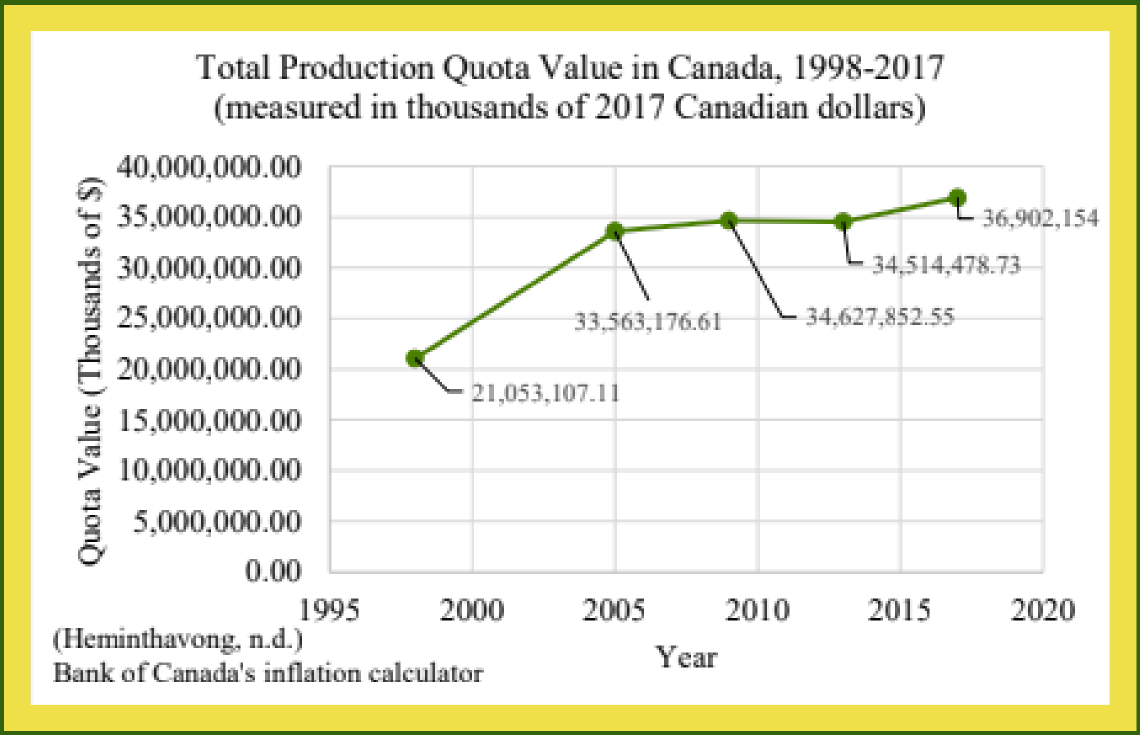
So, it is clear that the producer benefits, but what about the consumer? Due to the discouragement of foreign competition, it is fair to say Canada's dairy, egg, and poultry industries can be considered an oligopoly in which Canadian producers take up most of the market share; this lack of competition also means less choice for consumers and higher prices. Additionally, in accordance with the laws of supply and demand, a lack of oversupply (thanks to the licenses) and an existing price floor places upward pressure on prices. Research published by the academic journal Canadian Public Policy in 2015 showed supply management added an additional nominal $339 burden (or 2.3 percent of their income) for the poorest Canadian households (Cardwell, Lawley, & Xiang, 2015).



However, that is not the only piece of research that shows that the lack of competition means higher prices for Canadian consumers. In a June 2021 study accompanied by the conclusion "there is no doubt that open borders would reduce the milk price for Canadian consumers", the digital marketing agency Field Agent Canada calculated that a 4-litre jug of milk in Canada cost $4.65 CAD while a 3.78-litre jug of milk in the United States cost $3.32 CAD. A third significant study — this time with data collected from the World Bank — found that out of 38 nations in the Organization for Economic Co-operation and Development, Canada had the 6th - highest prices for milk, eggs, and cheese (Milk, cheese, and eggs prices - Country rankings, n.d.). With this data, it is justified for Canadians to cry over spilt milk.

THE POLITICAL COST OF REFORM

It may be easy to suggest that Canada should rid itself of supply management as a means to reach a trade deal, however, no federal political party supports doing so despite centuries' worth of evidence and academic research that free trade spurs economic growth. Why? Politicians are known to be motivated by votes, and such a move would be politically costly due to the likelihood of losing the support of farmers who ultimately benefit from supply management (Rana, 2025). Although farmers and farming households only made up 1.6 percent of Canada's population according to the 2021 census (The socioeconomic snapshot of Canada's evolving farm population, 2023), such a small proportion can have a major influence on future federal election outcomes, especially given the razor-thin 2.4 percent difference in popular vote share between the Liberal and Conservative parties in the recent federal election (April 28, 2025 General Election Results, 2025).



Even if the Canadian federal government reforms — rather than repeals — supply management, there may still come hefty political costs and outrage. For example, if the government issues more production quotas in a bid to lower the market price of dairy, eggs, and poultry through increased supply, there would be strong opposition from farmers who purchased quotas many decades beforehand. This is due to the fact that overtime, the market value of these licenses appreciated substantially, becoming a handy asset for farmers' retirement funds; an increase in the number of licenses issued would decrease the asset value of them and jeopardize their net worth (Chassin & Dumais, 2015; Heminthavong, n.d.).

Although it is widely concluded that consumers bear the brunt of supply management in the form of higher prices, only 15 percent of Canadians believe Canada should immediately offer to scrap supply management during the trade negotiations (Head Down or Elbows Up? Canadians divided whether Carney can deliver a trade deal with Trump, 2025). With this in mind, the benefits farmers receive, as well as the political calculus involved, the federal government is likely to retain the status quo. This is a key reminder that policies — no matter how economically unorthodox they may seem to be — can prevail for several different reasons, even if they may defy the consensus among economists.

With No Trade Comes No Choice

A Dystopian Look into Life Without Trade

BY GIULIA BERNARDINI

An autarky was upon us. With the borders closed, the ports sealed, and no planes coming in or out, life without imports had begun. Every country's economy was forced to survive on only what was in the soil or the seas. The global mandate came swiftly, an unprecedented decree by a coalition of desperate governments, framed as an extreme global reset. No more trade. No more outsourcing. Global interdependence was declared over, replaced by forced independence. The so-called logic was simple: by cutting nations off from each other, governments hoped to spark a wave of internal innovation and self-sufficiency, dragging the world out of its economic slump by forcing each economy to rely solely on what can be grown, mined, or locally manufactured. But progress doesn't bloom under pressure; it cracks.

Everyone had unspoken thoughts about what would happen if every country were independent, if trade didn't exist. Well, now, the time had come to see what that life would look like for Canadians. The public clung to speculation, all playing a "guess what's going to happen next" game with the government. People gathered in every space they could.

The question was always the same: "So, what now?" As the shelves thinned and shipments stopped altogether, Canadians faced a reality we, for many years, turned a blind eye to: We don't make most of what we use. Not our phones, medicines, or even the thread in our shirts. Conversations blurred between panic and policy: Do we replicate what we've lost? Do we double down on what we already have? Or do we try to invent something entirely new?

The dream of self-reliance sounded noble until it was time to live it. The federal government scrambled to transform underused factories into makeshift production lines. A former auto plant was retooled to build smartphones from domestic components, none of which we had. What emerged was the "PhoneCan One," a clunky device the size of a book with no internet access, a poor battery life, and a six-month waiting list. When the second generation launched, most Canadians had returned to rotary phones or given up altogether. It was as if life were rotating backwards, with generations of progress and innovation slipping out beneath us.

Gone were the oranges from Florida, the avocados from Mexico, and the chargers from China. Industries, regardless of their sector, were crippled. The simple luxuries vanished alongside the major life-sustaining properties. Within weeks, all foreign-sourced medical equipment, ventilators, insulin, and cancer medication disappeared, as we watched people die all over the country. Hospitals tried to concoct solutions: DIY oxygen tanks, locally grown herbs with "healing properties," and so on. It was a time of economic turmoil. Prices soared. Selection vanished. Globalization hasn't made us weak. It had made us interwoven. And now, every thread was fraying worse than our locally produced shirts.

The economy redirected itself inward. To our credit, Canada wasn't starting from scratch. We were rich in raw materials, from crude oil to lumber to minerals. Our engineers were well-trained, and our universities were global leaders in research. In theory, it was possible to make this work, and hope began to resurface. The government launched its "Make It Here, Make It Work" plan, an aggressive shift toward import substitution industrialization. Oil refineries were redirected to supply domestic plastics. Lumber mills ran at full capacity, aiming to keep up with the surge in construction and manufacturing. Mining operations expanded, aiming to provide the base materials needed to restart everything from agriculture to infrastructure.

Farms pivoted from export-focused monoculture to much-needed diverse domestic production. Rooftop greenhouses emerged across cities. Fisheries filled protein gaps. We leaned heavily into our comparative advantage in natural resources, building a localized production model that could, on the surface, sustain us. And for a while, it did. Employment stabilized, local supply chains came alive, and national pride soared.

But the law of diminishing returns set in quickly. Scaling local production without international input left us draining our resources dry. Infrastructure wore down faster than we could replace it. One plant's power surge meant another region went dark. Innovation slowed, and the loss of global knowledge exchange left our research and design sectors weak. Every solution proposed seemed to come with a new array of concerns. It became painfully apparent, not just in Canada but everywhere, that this experiment was economically unsustainable.

Without trade, nations lost the ability to specialize, and comparative advantage, the key to global efficiency, faded away. Countries spent more resources finding less productive solutions for producing goods that they were never suited to make in the first place, wasting time, labour, and materials. Global communication had hollowed out in the early months. When world leaders exchanged reports finally, they saw the same grim reality: every economy was weaker, every nation was poorer, and every solution was temporary. When that realization sank in, the conversation shifted. Quietly at first, then decisively, nations began reaching out, agreeing that the way of life was more successful before the closure. Ports reopened. Container ships returned to the seas. Global trade, although damaged, began to rebuild itself.

The overwhelming lesson was evident for Canada and the rest of the world: global interdependencies will always outweigh national independence. Trade is about goods crossing borders and ideas, culture, and cooperation. It is about recognizing that, despite media propaganda, the world is highly globally connected and needs trade to sustain life.

The world, humbled and wiser, chose to reconnect. However, it's important not to forget why we turned inward in the first place. That shift was born from global gluttony, driven by greed and overconsumption, with a need always for more. The lesson learned wasn't solely about the dangers of isolation, but rather the importance of restraint. The world was reminded, if nothing else, that the idea of complete independence is a facade. The truth is that countries need one another to survive.

Tims vs Tariffs

Will Your Double Double Cost More?

By Laiba Imtiaz

You wake up, get ready for class, and have just enough time to grab a Tim Hortons coffee. You order your usual double-double, only to find out it now costs almost double. Well, maybe not quite double, but definitely more than usual. So, what happened? To understand this price jump, we need to take a quick detour into economics and look at something called tariffs.

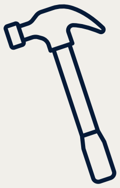
What are they? Tariffs are taxes placed on goods imported from other countries (Canada Border Services Agency, 2025). For example, Canada doesn't have the climate to grow coffee beans, so they must be imported. If Canada imposes a 25% tariff on imported beans, companies like Tim Hortons pay 25% more to bring them in. When making coffee becomes more expensive, those added costs often get passed on to consumers, making your cup of coffee more expensive. This is called cost-push inflation: when the cost of inputs, like beans or packaging, rises and businesses raise prices to maintain their profit margins. Tim Hortons pays more for their beans, and you, the consumer, pay more for your coffee.

Now, why would Canada implement tariffs if it means your coffee will cost more? Here's where it gets tricky.

Amid recent trade tensions with the United States, patriotic fever has swept across Canadians, and "Buy Canadian" has become a bigger deal. Tim Hortons, for instance, announced plans to replace U.S.-sourced goods with Canadian alternatives (Krashinsky Robertson, 2025). While that sounds patriotic, it can have unintended consequences. Many of the goods Tim Hortons relies on like coffee machines, cups, and sleeves are made by companies that benefit from economies of scale, meaning they can produce more at a lower cost. If Canadian suppliers can't match that, costs go up and so does the price of your morning brew. So next time you buy a double-double, take an extra look at the price. Has it gone up? If it has, well, now you know why!

By Eden Andoni

TARIFF WARS CLOSE EMPLOYMENT DOORS



HOW THE TARIFFS IMPOSED BY THE US HAVE AFFECTED CANADIAN YOUTH UNEMPLOYMENT RATES AND THE JOB MARKET

The recent tariffs imposed by the U.S have been ratified and have undoubtedly increased costs for both Canadian households and businesses, putting a halt to strategies focused on our nation's growth and shifting the focus to our preservation and economic sustainability. To mitigate increasing costs as much as possible, businesses and organizations across all sectors are forced to make corporate changes to maintain financial stability. For most businesses, this means actions like letting people valuable to their company go, hiring and acquiring less talent, and removing important positions that foster strategic innovation necessary for their developments. This threat to our job market is intimidating and stressful, at a time when many families across Canada are already succumbing to household costs and struggling to financially prosper. Now this new and unwanted economic event is already having its effects on a cohort of upcoming professionals that have yet to enter this tainted job market - students. According to The Economic Times, youth unemployment for those ages of 15-25 years old in Canada is at a high, with around 14.6% of youth not having a position this past summer alone. Although the economic implications of this cohort of Canadians lacking jobs is grave, what does this really mean for youth and what will their day-to-day look like facing unemployment and inability to gain professional experience?

If University attendance rates weren't already high, they're about to get a lot higher. The act of supplementing job experience with further education is one way students may take action against temporary unemployment. Although higher education is an encouraged commitment to those who have the opportunity to pursue it, entry level positions for students in all fields provide them with necessary hands-on experience and allow them to develop skills they aren't able to in the classroom. Skills even as basic as communication, problem-solving, and agility are crucial to their learning and development, which can also be applied to their education, yet are often not guaranteed. Higher education is also expensive, as we know, often requiring loans that must be paid back. Attaining higher education simply due to lack of inability to find a position puts more financial strain and stress on students and their families. Amid already higher prices from tariffs, high student debt costs are undesirable and are categorized as one of many tertiary repercussions of the tariffs. This dilemma also affects universities and forces them to accommodate the higher increase in student enrollment, such as hiring more professors, making sure adequate resources are available for students, and ensuring or creating housing for students around campus.

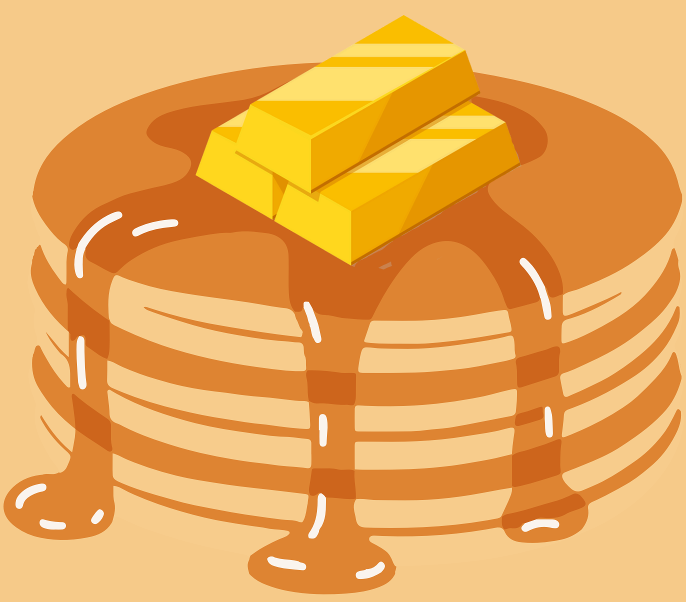
The stakes are high and the wages are low for students and young adults. Not only does the lack of jobs and thousands of unconsidered job applications heavily discourage students from seeking career opportunities, it creates high rates of job mismatch as students are pressured to take any position they can get. This job mismatch means a lot of young adults are in positions that don't fully match their skills, leading them to be less inclined to develop and grow within their career. What also follows is the fear of losing their job security, causing them to refrain from pursuing different positions or moving to a firm where they would broaden their learning and skillset. This creates a certain culture in the job market of only taking on a position for the money, putting aside passions which are vital for maintaining good job performance and efficiency. Students and youth bring fresh and unique perspectives to the rapidly changing and evolutionary work force, and with no positions to foster these skills, their talents are wasted and their efforts are discouraged.

In a time that is groundbreaking to our professional development, students and youth are missing out on opportunities promised to them if they did all the right things - pursue an education, get those high grades, and do every possible extracurricular. As a student myself, I can speak on the extremely competitive environment between youth that the lackluster job market has created. Although the unprecedented tariffs are not the direct cause of youth unemployment, they still play a role in exacerbating it as they establish long-term change across multiple Canadian industries.

CANADA'S LIQUID GOLD

By Maddie Taylor

Between its economic and cultural significance, maple syrup is one of Canada's national treasures. Our country dominates the global market share with over 70% maple syrup produced and processed within Canada. While a very valuable resource, generating half a billion dollars in revenue annually and employing 13,000 Canadians, it's also meaningful to our heritage and culture, spanning thousands of years to pre-colonial times. Often, sipping from a cup of maple syrup in our igloos after a long day of playing hockey may be the only idea non-Canadians have about us! Canada's economic and cultural connection to our maple supply has been threatened in recent times due to the imposition of tariffs; Canadian producers and consumers are left unsure of how the spike in costs will alter our global trade and national production practices. Can we shield our sweet reputation from these daunting tariffs?



How will the tariffs affect Canadian maple syrup production?

There are several critical production and processing agents that will be impacted by America's tariffs. Firstly, much of the packaging, equipment, and tools used to harvest the sap and yield our beloved syrup are imported from America. While the product is Canadian-grown and processed, we rely on American hardware to aid in the operation. Secondly, there are the general exporting tariffs on Canadian-made goods. The American market has proved to be a very profitable place to sell the maple syrup produced in Canada because they don't make enough there to meet the demand. In 2023, we exported $376 million worth of maple syrup to America alone! With the extensive pressure on the cost of imported manufacturing products and the fees to export the product, the farmers, and therefore American consumers, are feeling the weight of the tariffs. The cost will be felt around the country and world! We may see a decreased supply of maple syrup because of the closure of farms, reduction of staff, or inability to sustain current quotas.

The impact on small Canadian businesses

There are over 6,000 individual businesses and farms that account for the 19 million gallons of Canadian maple syrup exported yearly. Of these producers, thousands of them are locally operated and managed, farms and traditions that have been passed down from generations before.

The implementation of tariffs by Canada's largest trading partner hits small businesses the hardest; Often, these family or locally run operations don't have the financial capacity to push through harsh economic pressures. The threat of manufacturing costs and exporting fees increasing could mean the closure of hundreds of small businesses that have deep and meaningful roots within the country.

A case of fraudulent syrup!

There is an interesting and deeply upsetting issue that could arise from an increase in the price of our liquid gold: fraud. A researcher at the University of Guelph theorizes that we could see a dramatic spike in the amount of fraudulent maple syrup on shelves. In these cases, maple syrup manufacturers add cheap syrups or water to cut the cost of producing the quantity that's demanded by the world! This particular product, being a potential victim of fraud, has raised concern across Canada. The idea that counterfeit syrup could trick Canadians sounds far-fetched; Canadians can always taste the difference!

Overall, the threat of our national treasure being a quick-selling and an expensive product on shelves isn't far off; many Canadian producers will have to rethink their practices and procedures if they wish to endure through Trump's tariffs in the upcoming years.

OPINION

CANADA IGNORED THE NEED FOR OIL EXPORT DIVERSIFICATION - NOW IT'S PLAYING CATCH UP

The Canada-U.S. Trade War has shone a spotlight on the Canadian oil industry's overdependence on the American market

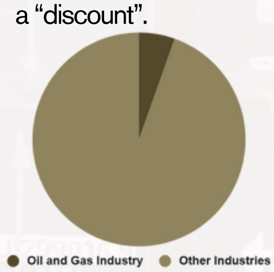
By: Akshay Bhatia

The negatives resulting from the United States' recent imposition of tariffs on Canadian goods have garnered substantial attention, and for good reason. The risk of cost push inflation induced by retaliatory measures, rising unemployment in our manufacturing sector, declining competitiveness of Canadian exports in the United States, and the deterioration of the long-standing relationship between the two nations are all justified concerns. However, believe it or not, there is also an indirect benefit produced by the trade war: it has meaningfully shifted the conversation in terms of pipeline development. The trade war has revealed a major crack in Canada's policy regarding oil exports: this country is overly reliant on the American market thanks to a lack of pipelines that would have otherwise enabled Canadian crude oil to reach European and Asian markets.

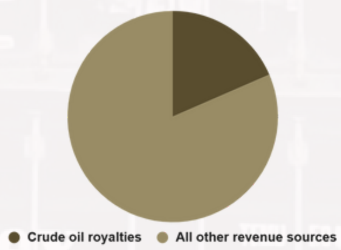
Overdependence comes with a cost — and a discount

Over 97 percent of Canadian crude oil exports were received by the United States in 2023, according to the Government of Canada's Canadian Energy Regulator, with the remaining three percent being exported to Europe via oil tankers. Such an asymmetric distribution received the scrutiny it deserved after the United States initiated its trade war earlier this year. The obvious response to a trade war should be for Canada to retaliate and cut off its oil exports to the United States, right? Not so fast. If Canada were to halt sending crude oil to the United States, it would be sacrificing nearly all of its export potential, resulting in Canadian oil barrels flooding storage facilities, all due to the lack of the necessary pipeline infrastructure needed to reach non-American markets. The resulting oversupply would lower the market price of crude oil and such a lower price would only raise Alberta's unemployment rate (as of February 2024, the province employed over 137,000 people in the oil and gas industry) and lower provincial government revenues (in the 2024-25 fiscal year, roughly $15.3 billion came from conventional crude and bitumen crude oil royalties alone), leading to potential tax increases and cuts to public spending to compensate for the lost revenue. The threat of these dire economic consequences is why, despite the tariffs, Canada continues to export most of its crude oil to the United States. As such, the lack of a variety of pipelines and destinations for Canadian crude reduce Canadian trade leverage – that is, the harmful cost associated with overreliance on the American market.

Additionally, a lack of pipelines to alternative export destinations prevents Canada from reaching its true potential in terms of revenue and job growth. Canada can only export so much crude to the United States, and due to a lack of other regions to export to, there is an oversupply that pushes down the market price; this is why it is widely viewed that Canada sells its crude to the United States at a "discount".



Alberta Employment by industry (Feb. 2024)



Alberta Government Revenue (2024-2025 Fiscal Year)

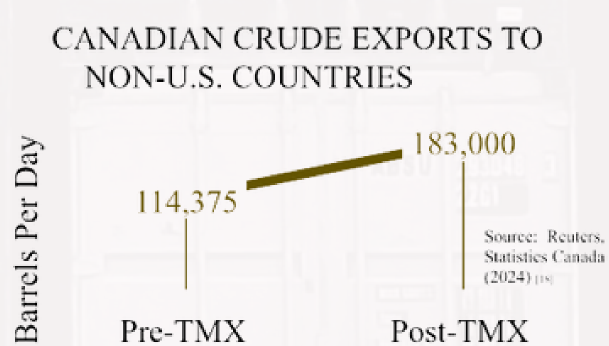
At last, Ottawa is talking the talk...but they need to walk the walk

A combination of ideological leaders on both sides of the border discouraging pipeline construction, opposition from Indigenous and environmental groups, and court decisions prevented the construction of three pipelines over the past decade that would have otherwise allowed Canada to export its crude to alternative, non-American markets. In 2016, the federal government under Prime Minister Justin Trudeau cancelled the planned construction of the Northern Gateway pipeline, which would have exported crude oil to Asia from a terminal in Burnaby, British Columbia. The following year saw Energy East — which would have transported oil from Alberta to New Brunswick before being shipped to Europe — being cancelled. The last pipeline cancellation was the Keystone XL in 2021 by the Biden administration; had the cancellation not happened, crude from Northern Alberta would have been carried to refineries in the Gulf Coast of the United States before accessing Latin American markets.

Thankfully, the trade war and the resulting realization that nearly all of Canadian crude exports are skewed towards the aggressor have rekindled an interest in pipeline development (and alternative export markets) by the federal government. Prime Minister Mark Carney uttered the words "energy superpower" when describing his vision for Canada; his government recently passed the Building Canada Act, which would allow for the rapid approval of significant projects, including pipelines. Carney and Alberta Premier Danielle Smith are already eyeing a pipeline project that, if built, would span from Alberta to the northwest British Columbia coast and export up to a million barrels of crude per day to Asia via tankers. Before getting all giddy, it is important to note that words have not been converted into action yet. Carney's position on two policies widely seen as obstacles to the energy sector — the emissions cap on oil and gas and Bill C-69, which assesses the environmental impacts of resource projects — is ambiguous, considering he pledged to keep them during the election campaign only to announce afterwards that he may modify them.

Canada is already seeing the economic benefits of diversification

In May 2024, the expansion for the Trans Mountain Pipeline finally finished, and its connection from Edmonton to a British Columbian coastal port signals a major development in terms of Canada's oil export policy: Canadian crude can now access Asian markets (most notably China) rather than continuously relying on the American market. It would be wise for policymakers to view the Trans Mountain expansion (TMX) as a blueprint when considering other future pipeline developments and the subsequent net economic benefits. As written earlier, thanks to a lack in the variety of export markets, Canada sells its oil to the United States at a discount; this discount is projected to decline due to the pipeline's expansion draining excess supply, placing upward pressure on the price of Canadian crude per barrel and increasing the annual revenue for Trans Mountain by $10 billion. [16] In addition to being forecasted to triple the pipeline's capacity from 300,000 to 890,000 barrels per day, the expansion of this pipeline is projected to add 0.2 to 0.4 percentage points to Canada's GDP (four percent of which is the oil and gas sector). If one pipeline expansion can already generate positives for several of Canada's economic indicators whether it is: productivity (in terms of barrels transported per day), price of Canadian crude per barrel, private sector revenue, or gross domestic product, imagine how much more Canada and its economy can achieve with several new pipelines and non-American export destinations. That's the bottom line.



The Tariff Stage

Written by:
SEOA MO

The word tariff evokes a dry textbook or a dusty policy brief, but in practice, tariffs operate more as political theatre than a tool to correct markets, acting as campaign tools, cultural signals, or weapons in small geopolitical disputes. Research shows that political leaders time and design tariffs less for economic gain and more to win votes, send symbolic signals, or gain leverage in unrelated policy wars (Fajgelbaum et al., 2020; Rickard et al., 2023). Trade policies are now less a rational market adjustment than a stage production, with each move choreographed for maximum political effect.

Act 1: Election-Cycle Tariffs

The first act of this political stage show is the election-season tariff, a policy move strategically aimed directly at swaying voters in key states.

Consider those U.S. tariffs for steel and aluminum in 2018. At first glance, they were framed as a necessary way to secure national defence and support domestic industry. However, their timing, mere months before the midterm election, and the geographic targeting can reveal a political story.

Economists Pablo Fajgelbaum, Pinelopi Goldberg, Patrick Kennedy, and Amit Khandelwal found in 2020 that China's, the EU's, and Mexico's retaliatory tariffs significantly impacted U.S. states with strong Republican support, particularly swing states that flipped toward Donald Trump in the 2016 presidential election. This result wasn't a coincidence; opting for these tariffs had been as much about election imperatives as it had been about economics.

Moreover, using evidence from Blanchard, Bown, and Chor (2023), it became evident that those hardest hit by tariffs did not need employment growth; however, they leaned toward Republican directions during the 2020 election. What's behind it all? With politics, short-term viewpoints were important, even at the long-term economic effects.

Act 2: The Symbolism Economy

Some tariffs are less about shifting trade flows and more about making a statement, a political performance for domestic and international audiences. Rickard, Thies, and Callander (2023) describe it as politically targeted trade retaliation (PTTR). Think of it as "message tariffs": small in economic scope but large in symbolic value. The choice of goods often carries cultural or political weight.

In 2018, China is seen to have intentionally delivered a message to US farmers when it selected its exports, focusing on soybeans, pork, and other food items crucial to rural economies and Republican Party strongholds. In turn, Canada retaliated against US tariffs on steel by targeting US bourbon and orange juice, products that are associated with politically powerful states.

Symbolic tariffs almost always hit the headlines and evoke strong passions, something raw trade numbers do not often do. In the face of rising trade tensions, an American cranberry grower said, "The growers view [retaliation] as political … trade issues with China are much bigger than both cranberries and tariffs" (Rickard et al., 2023, p. 14).

Act 3: Micro Geopolitics

Then there's the quiet third act, micro-geopolitics, where seemingly small or niche disputes ripple into much larger tariff battles.

Sometimes it's over fishing rights, as in EU-UK tensions after Brexit, or over digital services taxes, as in U.S.-France disputes. Other times, it's sparked by a health or environmental policy.

Australia's calls in 2020 for an independent probe into COVID-19's origins drew an immediate response from China, responding with tariffs on wine and barley products, which is unbefitting the bilateral diplomatic ruckus at the center stage. These actions were less about correcting their resultant trade relation and instead were a political response.

The economic modelling discloses the high price paid for such fragmentation. Grzegorz, D'Aguanno, and Puzzello's 2022 papers emphasize how decoupling trade in either tariffs or other restrictions can reduce welfare as much as 15% in poorer areas, choking invention and supply chain integration. Even where the original dispute concerns a single industry, the impact of economic disruption can echo far.

The U.S. steel tariffs in 2002 offer another intriguing case study. Originally interpreted, in some cases, as politically shrewd tools directed at key steel-producing swing states, they inadvertently compelled downstream users like automobile producers to absorb higher costs. These rising expenses sparked a national outcry and were finally taken to the World Trade Organization (Gallagher, 2008). Political imperatives outweighed the cost-versus-benefit analysis suitable for the short run.

The Curtain Call: Tariffs as Chess Pieces

Put together, these three acts show a consistent pattern: tariffs are often pawns or sometimes queens in a larger political chess game. They may be deployed to shore up electoral support, signal resolve in a diplomatic dispute, or to retaliate symbolically against a foreign government.

Economically, most of these actions are wasteful or even counterproductive. But from the perspective of a political strategist, they are stunningly effective at building narratives, mobilizing base voters, and sending signals of strength to both foreign and domestic constituencies.

As politics becomes more polarized and global alliances change, we will see more tariffs crafted in the war rooms of political campaigns than in the offices of trade economists. Economic consequences will count, but so will the headlines, the rallies, and the scripted pageantry. In short, tariffs are less about trade balance and more about the balance of power.

Rethinking Trade and Policy: An Interview with Dr. Pau Pujolas

INTERVIEWED BY SIDRA ANJUM

When Dr. Pau Pujolàs speaks about economics, there's a quiet precision in his words, a reflection of both his mathematical mind and his fascination with how policy choices ripple through global markets. Born in Solsona, Spain, in 1987, his path to becoming one of Canada's leading international economists was guided by curiosity, discipline, and an enduring love for numbers. After giving more than 170 interviews to outlets like The Financial Times, The Washington Post, and The Globe and Mail, Dr. Pau Pujolàs is no stranger to explaining his research to the world. But this time, us McMaster students are the ones asking the questions!

From Solsona to Economics
Growing up in Spain, Pujolàs was drawn early to history, politics, and especially mathematics—earning several prizes in math competitions. At seventeen, like all Spanish students, he faced the defining choice of selecting his university major directly after high school. "I loved math," he recalled. "But what really caught my attention about economics was that it mixed mathematical thinking with real-world questions—policy, growth, how countries interact. It felt like the perfect balance."

He enrolled in economics at Pompeu Fabra University, but soon realized the program's mathematical content wasn't as deep as he wanted. "It wasn't that I struggled," he explained. "I just wanted more mathematical rigor than economics alone offered." So he decided to pursue a second degree in pure mathematics alongside economics, a rare and demanding combination. Later, his academic journey took him to Paris, where he continued his studies before returning to Spain. "When I came back, my credits weren't recognized," he said. "So I had to complete all the remaining coursework in two years to graduate on time. It was intense, but I learned resilience."

Pujolàs went on to complete graduate and doctoral studies at the Autonomous University of Barcelona. "It covered my intellectual needs in math," he said, "but I also began to develop a real interest in international trade and macroeconomics." That interest deepened when his Thesis advisor, J.C. Conesa introduced him to economist Timothy Kehoe, who frequently visited Spain and later invited him to the University of Minnesota.

Pujolàs went on to complete graduate and doctoral studies at the Autonomous University of Barcelona. "It covered my intellectual needs in math," he said, "but I also began to develop a real interest in international trade and macroeconomics." That interest deepened when his Thesis advisor, J.C. Conesa introduced him to economist Timothy Kehoe, who frequently visited Spain and later invited him to the University of Minnesota. "The time in Minnesota changed everything," he said. "I was surrounded by people who thought about trade and policy the same way I did. Most of my papers are with colleagues I met there." In 2013, Pujolàs joined McMaster University, where he continues to study international trade, productivity, and macroeconomic policy.

When Research Meets Policy

Recently, one of Pujolàs's most cited works, Trade Wars with Trade Deficits, unexpectedly found its way into the highest levels of U.S. policymaking, cited by the White House to justify tariff strategies. "It's a huge boost to your ego," he admitted.

"You see people making the biggest changes in international policy, and they're referencing your work. It's extraordinary." But that moment was also complicated. "I was shocked, honestly," he said. "The paper was correctly understood by the economist who cited it, but the policies that followed didn't reflect the same conclusions. It reminded me that once research enters the political arena, you lose control of how it's used."

Oil Productivity and the Canadian Puzzle

If the trade paper sparked international debate, his research on Canadian Productivity Growth: Stuck in the Oil Sands brought conversation closer to home. The paper examined Canada's productivity trends in relation to oil production, and it struck a national nerve.

"The response was serious and engaged," he said. "People were more critical of this paper than the tariff one. It touched on issues people feel strongly about, especially when you challenge common explanations." Despite occasional harsh reactions, Pujolàs appreciated the dialogue it started. "That's part of research, inviting scrutiny. It means the work matters to people."

Engaging With the Media

In the wake of both studies, the media response was overwhelming. "I stopped keeping track after a while," he said. "I did over 170 interviews, Financial Times, Washington Post, The Globe and Mail, CBC, CTV. Journalists still have my name on file, I guess" said Pujolas. "It all happened very quickly," he said modestly. "One interview led to another. Journalists are always looking for clarity, and as researchers, we can help translate complex ideas for a wider audience." Rather than bask

in the attention, Pujolàs approaches media work with quiet purpose. "It's a responsibility," he explained. "If the public and policymakers are going to discuss your work, you should be part of that conversation."

Staying the Course

Asked about perseverance in academia, Pujolàs smiled. "If you look at the chief economists at major banks, most of them aren't even economists by training," he said. "It's a reminder that careers don't always unfold the way you expect."

For him, motivation is simple. "I love what I do. I enjoy the research process, and I'm grateful that my work helps provide for my family. That keeps me going."

Advice for the Next Generation

To students considering a career in economics, Pujolàs offers one guiding principle: "Do what makes you happy."

He began graduate school at 21 and remembers the shift from structured learning to independence. "In undergrad, you're handheld," he said. "In a master's or PhD, you have to think and work on your own. That transformation defines you, it becomes your life."

From Solsona to McMaster, from equations to economic policy, Dr. Pau Pujolàs's journey reflects a rare balance of analytical rigor and human insight, proof that when passion meets perseverance, even the most theoretical ideas can shape how nations think and act.

FINDING THE HUMAN SIDE OF ECONOMICS: AN INTERVIEW WITH KEITH ROBERTS

Interviewed by Eden Andoni & Sidra Anjum

Economics stretches across nearly every industry, from healthcare and law to politics, psychology, and finance. To keep up with a rapidly changing world, economic research helps us make sense of today's markets, behaviours, and decisions.

Keith Roberts, a third year PhD student in Economics at McMaster University, sat down with The Rational Choice to discuss the research side of economics: what pursuing a PhD looks like, how to choose a specialization, and the differences between academic and industry careers.

From Neuroscience to Economics

Before transferring into a Bachelor of Commerce in Economics and Finance at the University of Guelph, Keith began his undergraduate journey in Arts and Science with an interest in pursuing a double minor in neuroscience and economics. This marriage of economics and neuroscience might sound unusual, but to him, it made perfect sense. Economics, he explained, offers a lens that connects nearly every discipline.

"The beauty of economics," he said, "is that it can explain something about everything we do."

Now, in his PhD, Keith specializes in behavioural economics, a field that blends psychology and economics to understand how people actually make decisions.

What's a PhD Really Like?

Before diving into his research, Keith shared what life as a PhD student is truly like, the challenges, rewards, and lessons that come with it.

Many students consider a doctorate after undergrad, but few know what the path actually entails. In economics, the first two years of a PhD are devoted to advanced courses in microeconomics, macroeconomics, and econometrics, which Keith describes as meaning to "close gaps in your understanding." After that come a series of comprehensive exams, which determine whether you can continue on in the program to the research stage.

"The process is very challenging," Keith reflected, "but it's been extremely rewarding."

He chose McMaster for both personal and academic reasons, to stay close to family and to work with researchers he already admired from his Master's in Economic Policy, including Dr. Bradley Ruffle, a leading professor in experimental economics.

"The community here is amazing," he said. "The faculty and my peers make the work feel collaborative, not competitive."

But he's also honest about the emotional demands of graduate study. "A PhD can be isolating," he shared. "You need a support group… friends who understand what you're going through. That makes a huge difference."

Is a PhD for You?

Keith encourages students to think deeply about why they want to pursue graduate school, not just to follow the crowd or do more school because you think "that's what you should do".

"You can't fake it in grad school," he said. "You have to be committed. It's not the 'next step', it's a choice you make because you really care about the subject."

With an increasingly tough job market, more students are turning to graduate programs. Keith understands that pressure but urges self-awareness. "Undergrad gives you a general education," he said. "Grad school forces you to define your purpose."

Behavioural Economics 101

Keith's research sits at the intersection of psychological game theory and behavioural economics. Game theory, a mathematical framework used to analyze social interactions is the foundation for much of modern economics. His particular focus examines how emotional tones in communication affects decision-making.

"Humans don't just rely on blank statements to communicate," he explained. "We communicate our intentions and our decisions with a great deal of (sometimes unconscious) emotion that comes through tone, emphasis, and rhythm. I'm interested in how these rich nuances shape our choices."

His goal is to identify whether decision-makers are more influenced by what is said or how it's said. "It's fascinating to think about," he continued. "For instance, in political messaging, tone can rally support, stir emotion, or even turn people against opponents. Understanding that mechanism could explain a lot about persuasion and public response."

One Piece of Advice for Students

Keith's closing advice for undergraduates was both practical and grounding:
"It's easy to see people who appear successful and assume you have to follow the same path that they did," he said. "But success looks different for everyone. Find your own style — and if your path is winding, that's okay. There's no timeline you have to follow to get where you want to be."

Rethinking Economics: An Interview with Sussex Professor Matthew Agarwala

Interviewed By Sidra Anjum and Hridi Paul

When Dr. Matthew Agarwala first set foot on McMaster's campus, he wasn't planning on becoming an economist. Now, as Bennett Chair of Sustainable Finance at the University of Sussex (UK), he's a leading voice in reimagining how we measure prosperity, sustainability, and the well-being of nations. We sat down with him to discuss his journey, the lessons he carried from McMaster, and why economics must take climate and social trust as seriously as GDP.

From Engineering to Economics

Agarwala's academic path began not in economics, but in engineering.

"I applied for engineering because that's what my father suggested—biomedical or biochemical," he recalled. "I lasted about six weeks before realizing it wasn't for me."
The turning point came through a single elective taught by Professor Atif Kubursi, a towering figure in both academia and policy.

"Professor Kubursi was inspiring. The course was about macroeconomics and political economy—how entire nations deliver progress, balance investment with consumption, and improve quality of life. Suddenly I saw real-world applications of economics all around me, and I thought: that's what I want to do."

Kubursi himself embodied a model career—serving simultaneously as a UN Under-Secretary General, CEO of a consultancy, and a McMaster professor. "That's how I wanted to style myself," Agarwala said. "And eventually, that's what I've managed to do."

Finding Community at McMaster

Though his beginnings were uncertain, Agarwala credits McMaster's community for shaping his academic drive.

"In high school I was an upper-middling student. But at McMaster I found four or five close friends who pushed me—debating ideas in tutorials, over beers at the pub, even competing for the highest marks. That peer group transformed me."

The support extended beyond classmates. “At McMaster, faculty would hold your hand through assignments. You could knock on their door and they’d be there. That level of access doesn’t exist at Yale, Cambridge, or the LSE. McMaster students are pushed harder than almost anywhere I’ve taught, but the results speak for themselves—the alumni thrive.”

Beyond GDP: Rethinking Progress

Much of Agarwala’s current research challenges the dominance of GDP as a measure of prosperity.

“People know GDP goes up or down, but few know what’s actually inside it,” he explained. “Some of it’s good—education, healthcare, housing. But some of it is bad. Cleaning up an oil spill raises GDP, even though it reflects damage.”

He prefers to think in terms of flows versus stocks. GDP is an income flow, but it rests on a stock of assets—what he calls society’s “economic pantry.”

“That pantry includes physical capital, human capital, social trust, institutional strength, and natural resources. You can raid the pantry for bigger pies today, but tomorrow’s pies will shrink. Sustainability means investing to keep that pantry full.”

Agarwala is helping organizations like the United Nations (UN), International Monetary Fund (IMF), and the World Bank Group measure “inclusive wealth,” a comprehensive assessment of these stocks. “If we maintain and invest in them, living standards can continue to rise. If we let them shrink, the future is poorer.”

Climate Economics and Green Finance

Unsurprisingly, climate and sustainability are central to Agarwala’s work.

“Climate change reduces productivity, damages infrastructure, and erodes trust. That directly affects financial returns,” he said. “Green finance is about identifying, pricing, and managing those risks.”

But the challenge is structural: many environmental benefits are public goods—non-excludable, non-rivalrous. “Canada’s forests clean the world’s air, but Canada can’t charge me in the UK for that service. Left to the private market, we’ll always under-invest. That’s where government regulation and innovative market design come in.”

He’s optimistic about progress. “Look at renewables. Over the last 15 years, the cost of solar, wind, and batteries has fallen by up to 97%. That only happened because of early public investment. Now renewables are cheaper than fossil fuels on every continent except Antarctica.”

Advice for Students

For economics students interested in sustainability, Agarwala emphasized not getting trapped in buzzwords like ESG.

“Focus on the link between environmental change and real-world economic returns. You don’t need ESG labels—just rigorous analysis. Climate risk affects sovereign debt, mortgages, insurance, and investment portfolios. If you can show how, you’ll be valuable anywhere.”

He encourages students to broaden their reading beyond economics. “Read the IPCC reports on climate, read about biodiversity. Understand the science, then connect it back to financial markets.”

A Lasting Connection

Despite his global career—spanning Yale, Cambridge, and collaborations with central banks— Agarwala remains deeply connected to McMaster.

“Climate risk affects sovereign debt, mortgages, insurance, and investment portfolios. If you can show how, you’ll be valuable anywhere.”

“I didn’t realize how good I had it at McMaster until I left. The dedication of faculty, the intensity of the program, the friendships—it was special. And we’ve tried to give back. Former students, myself included, recently endowed a scholarship in Professor Kubursi’s name so future students can benefit from his legacy.”

As our conversation wound down, it was clear his message was equal parts warning and encouragement: economics can no longer ignore sustainability. But with rigorous thinking, creative finance, and a healthy stock of social trust, the next generation of economists has the tools to make prosperity last.

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