

Macroeconomics

Essay 2

Essay: International Policymaking

Due: Monday, June 18th

Format: Times New Roman, 12-point font, double-spaced

Length: minimum 2 pages

Policymakers and economists have been trying to come up with the best policy mix to improve economic conditions in the United States following the large-scale recession. They have proposed the following:

The U.S. will no longer import goods or services from other countries. It will instead focus on exports that employ American workers in domestic manufacturing plants. All products sold in the U.S. will bear the stamp “Made in the USA” on their label.

1. Discuss the potential impacts of protectionism (imposing tariffs, quotas, or ending trade) on the U.S. economy.
2. Assess the pros and cons of this policy mix for the United States. Make sure to comment on the effect on GDP, inflation, and unemployment if the U.S. were to cut off international trade. Is this the best solution to get the U.S economy back to potential?
3. If you were a policymaker, what changes would you make to this policy mix? How effective do you think your policy will be in restoring full employment? Or, should there be no intervention?

Provide clear and concise arguments with references to the articles and videos in the class lecture notes, additional research on the topic, and your understanding of the economic theories discussed in class.

A few resources. You are encouraged to reference other articles/videos on your essay.

Smoot-Hawley Tariff and Protectionism in the U.S.:

- Gardner, S. & Tong, S. (2017, August 24). The American protectionism bill that made the Great Depression worse. *Marketplace*. Retrieved from <https://www.marketplace.org/2017/08/24/sustainability/trade-stories-globalization-and-backlash/what-was-one-worst-pieces-us-legislation>
- Samuelson, T. (2016, January 15). The reality behind Trump’s call for higher tariffs. *Marketplace*. Retrieved from <https://www.marketplace.org/2016/01/15/world/reality-behind-trumps-call-tariffs>

- Gardner, S. & Tong, S. (2017, November 13). A trio of proposed tariffs echo America's protectionist past. *Marketplace*. Retrieved from <https://www.marketplace.org/2017/11/09/economy/tariff-Trump-protectionist-solar>

Jobs:

- PBS Newshour. (2013, March 21). *Is globalization wiping out the American surfboard industry?* [YouTube]. Retrieved from <https://www.youtube.com/watch?v=DcF8hBpDBCE&t=18s>
- PBS Newshour. (2016, September 8). *How one U.S. company is trying to surf the tides of foreign trade.* [YouTube]. Retrieved from <https://www.youtube.com/watch?v=dZwxKJEDlXk>
- Ben-Achour, S. (2016, March 11). Does trade kill jobs or create them? Yes. *Marketplace*. Retrieved from <https://www.marketplace.org/2016/03/11/economy/election-2016-debates/trade-deals>
- Ryssdal, K. & Palacios, D. (2017, March 24). What people get wrong when they talk about NAFTA. *Marketplace*. Retrieved from <https://www.marketplace.org/2017/03/24/world/nafta-explained/what-people-get-wrong-when-they-talk-about-nafta>

Trade deals:

- Samuelson, T. (2016, March 16). Are free trade agreements good or bad? *Marketplace*. Retrieved from <https://www.marketplace.org/2016/03/16/world/pm-trade-poll>

Remember that an essay has an introduction, body paragraphs, and a conclusion. I do not require a 'works cited' page as long as in your essay you mention the title and author of your sources, e.g. "In the article "... by ..., the author mentions that..."

There is no right or wrong answer for this paper. What matters is the strength of your arguments.

If you feel that you need help with your essay you can visit the writing centers on campus.