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5 & 6 Chapter Essay

The main points in the video state that workers will gravitate to lower risk and more fun jobs if all jobs were allowed equal skills, education, and pay. However, it's not like that in the real world; if fewer people stay in the higher-risk jobs, the higher they are compensated. So, for companies to hire workers for the not-so-fun and higher-risk jobs, they have to offer more significant incentives. The fewer people work in a riskier job, the higher pay and better compensation companies will pay to retain them. This is based on supply and demand. Unlike the lower risk and fun jobs, having more people working in those industries, they are offered a lower salary. Because all positions have to be filled, companies create these incentives to entice people to work in those riskier fields. This creates a better equilibrium in the workforce.

If the government pays everyone, it is called the Universal Basic Income (UBI). Universal Basic Income (UBI) is a government program where every adult citizen receives a set amount of money regularly. The goal of the UBI is to ease poverty and introduce social programs that require more comprehensive bureaucratic engagement. How UBI affects the labor markets is, money is given to the lower-skilled workers, allowing for lower inequality. It is believed that UBI could have a negative income effect on labor supply in that the more disposable income earned, it could cause people to want to work less and have more time for leisure. On the contrary, it is also believed that if the government gives everyone money, it can

provide a cushion for some to leave a bad job and seek a better one leading to better-skilled workers in the workforce.

The three arguments usually used to explain protectionist trade policy are tariffs, import quotas, and nontariff barriers to trade. The argument is that countries can use tariffs and quotas to gain a more significant percentage from trade. Tariffs are taxes that a government imposes on imported goods and services. This makes imports more costly for customers, discouraging purchases of imports in favor of domestic substitutes. So the argument is that if a country could limit or tax exports, domestic companies could raise their price when selling to the international market. The disadvantage is, if other countries start retaliating, it will cause a decrease in imports and exports. No country would be better off. Therefore, trade protectionism is good because it protects domestic industries from unfair competition from foreign ones.

After World War 2, the United States and other countries helped found the General Agreement on Tariffs and Trade (GATT). GATT became the world's most powerful multilateral trade agreement. The GATT agreement was signed on October 30, 1947, by 23 countries; it was a legal contract created to reduce restrictions to international trade by stopping or decreasing quotas, tariffs, and subsidies while protecting essential regulations. The plan for The GATT was to increase economic recovery after World War II through reconstructing and expanding global trade. In 1995, the GATT was refined and became the World Trade Organization (WTO), with more than 140 member countries. The decade after World War II is remembered as a time of significant economic growth. Before the war, America was experiencing hardship and depression for about 15 years. Post-war, trade improved, which boosted the economy, and the standard of living improved.