

Write a short essay answer to each of the following questions.

1. What is the main point in the video about the wages of lifeguards versus sewer workers?

The main point of the video is to compare the industries according to wedges and "fun" in the different jobs. It highlights how there must be an equality between both variables in order to achieve a balance between industries. For example, lifeguards have a more fun job than sewers workers, and therefore if they have the same wedge, and it is a more fun job to do, workers in that industry will participate in the opposite industry and switch. Therefore, the balance we are talking about is necessary, a balance in which fun jobs have less wedge, and more difficult jobs in that sense, have more wedge.

2. Suppose the government adopted a policy in which every citizen, regardless of income, gets a monthly check for \$1000? (Assume it is paid for by increasing the tax rate at each tax bracket by the amount needed, probably about 20% higher. For example, if the marginal tax rate was 22%, it would increase to about 26%. The point of the question is not about taxes; I just want to point out there is no free lunch.) What is the likely long term effect on the workers who work at Walmart?

If the government gave each citizen 1000\$ monthly, mainly many risks could occur for the country's economy.

First risk. Giving this extra monthly income could make other aid, such as academic scholarships or financial aid, disappear.

On the other hand, another great disadvantage is that this money would also be offered to people who do not work, who do not contribute economically to society. This is undoubtedly a benefit for them, because without work they get money that has not been their reward in any way. This, therefore, can make people who do work, stop doing so or propose some kind of social movement to avoid it. And in the end, it could turn out to be the decision to stop working, and therefore not only the unemployment rate would decrease, but some taxes would also stop being paid, which help the continuity and updating of cities. On the other hand, making this type of aid

would mean raising taxes, in order to distribute them to all citizens. It would be necessary to cut social security benefits, in short, cut common benefits that are positive for society.

3. What are three arguments usually made to justify protectionist trade policies?

The three main arguments used to justify protectionist trade policies are tariffs, import quotas and non-tariff barriers. Protectionism is when a country has limitations on imports from abroad, regardless of the 3 arguments mentioned above.

Tariffs are created mainly to protect infant industries and try to further develop a country's economy. These tariffs are used by countries that have more developed means, that is, that their economy is advanced. The reasons why a country can use tariffs can be for consumer protection, for infant industries, national security or retaliation for seeing that the rules are not followed.

On the other hand, non-tariff barriers are a way to restrict trade. These include quotas, embargoes, sanctions and levies. One of the reasons this is done is for political and economic strategy in order to restrict the amount of trade that other countries engage in.

Finally, a quota is a trade restriction that limits the monetary amount of goods that a country can import or export during a given period of time. Quotas are used to regulate the volume of trade domestically and internationally. The government employs protectionism with this when they see concerns about the quality or safety of products coming from other countries.

4. Why has the government generally supported free trade policies since the end of World War II?

The United States government accepted free trade primarily to establish the rules of international trade that would lead to a steady reduction in trade barriers. It was not only this change that made it the main power, but also other developments such as better and cheaper transport and communications, that is, the development of technology helped.

Another reason why this deal was accepted is because, as has been said, the United States found itself after the war in a much more advanced situation compared to other countries. For example, the use of telephones and cars contributed a lot economically. In addition, at the international level, it was sought that the country increase its income through the export of its products to other countries. Also, the United States was an Allied country of many other countries that it was convenient for them to follow these advantages for the country.