

Microeconomics Briefing (Due 30 Sep 2014)

You are advising the prime minister of a developing country, who has asked you for a briefing on the pros and cons of unilaterally lowering trade barriers for some or all goods (i.e., agricultural, manufactured, service). The country has ports capable of receiving shipments from ocean-going vessels.

In your briefing, you may want to reflect on the impacts of free trade to:

- Domestic consumers
- Domestic manufacturers, farmers, and service providers
- Domestic workers
- Tax revenues, e.g., excise (border) taxes versus other taxes
- The local environment and/or resources (e.g., water, land, etc.)
- Bureaucratic operations, licensing, corruption, etc.
- Political relationships with neighbors

In your briefing, you may want to describe the easiest or hardest path for lowering barriers, in terms of

- Agricultural, manufactured, service goods – which goes first?
- The speed of liberalization – years? months?
- Strategic sectors – should some never be liberated?
- Compensating losers who may block liberation politically

Hint: It may help to start with the assumption of zero trade, and then choose a first step that would create benefits in excess of costs.

Format for submission

- Your briefing needs to be 700 words or less. (Yes, this is ridiculously short. Try to write a sentence or two on the economic impacts from various actions on various actors.)
- You do not need to cite statistics, theory or literature. Discuss from a common sense perspective
- Do NOT put your name or ID number in the briefing
- Name your file xxxx.doc(x), i.e., xxxx are the last four digits of your LUC ID
- Submit online, via blackboard, by midnight on the deadline (top of page)

Critiques on Briefings (Due 7 Oct)

For each of the three briefings you read, please group your comments under the headings of:

- “What I learned”
- “What I did not understand”
- “How to improve”

I will grade your critiques based on the quality of your work, i.e., how helpful and insightful it is to the author (and me). This means you can ignore poor grammar and spelling (I will see it) and that you do not need to argue too much with poor reasoning. Just offer a simple counter-example or question to point out the weakness in the author’s argument.

Format for submission

- Each critique needs to be 300 words or less.
- Do NOT put your name or ID number in the document
- Name your file xxxx-yyyy.doc(x), where xxxx comes from the author of the briefing and yyyy are the last four digits of your LUC ID
- Submit online, via blackboard, by midnight on the deadline (top of page)