

**Module 9: Economics**  
**Topic 1 Content: The U.S. and The Global Economy**

**Introduction**



**Demi Tracy:** Welcome to the show. I'm Demi Tracy, here with my cohost, Glover Mint. On today's episode, we have Cain S. Hayek live in the studio to discuss the U.S. economic system.

## Module 9: Economics

### Topic 1 Content: The U.S. and The Global Economy

#### The U.S. and The Global Economy



**Cain S. Hayek:** Hello. I'm Cain S. Hayek. One of the main foreign policy goals of the United States is the expansion of free trade. The global economy is increasingly interconnected, with most businesses in the United States and Virginia becoming multinational in their quest for resources, labor, markets, and profits. In this segment, we will examine the relationship between the United States and the global economy.

**Module 9: Economics**  
**Topic 1 Content: The U.S. and The Global Economy**

**Expanding International Trade**



**Expanding International Trade**

- Both Democratic and Republican leadership have worked to reduce barriers to international trade over the last few decades.
- Some groups profit from increased international trade, while others lose more than they gain.

**Cain S. Hayek:** Since the 1970s, the national government under both Democratic and Republican leadership have worked to reduce barriers to international trade. This push toward greater international trade has not been universally supported, as certain groups profit from increased international trade, while others lose more than they gain. For example, many of the manufacturing jobs that existed in the United States 50 to 60 years ago have been moved to other countries by businesses in search of cheaper labor. Despite this, most economists believe that increasing international trade that is free from restrictive governmental policies is generally more beneficial for a nation's economy. Additionally, free trade increases the material standards of living worldwide.

**Module 9: Economics**  
**Topic 1 Content: The U.S. and The Global Economy**

**Free Trade Agreements**

## Free Trade Agreements

### NAFTA

- Created a free trade zone in Canada, Mexico, and the U.S.
- Eliminate free trade barriers
- Promotes fair competition
- Increases investment opportunities

**Cain S. Hayek:** The U.S. has entered into various free trade agreements over the past few decades. One of the most notable is the North American Free Trade Agreement, or NAFTA. NAFTA created a free trade zone in Canada, Mexico, and the United States. The goal of NAFTA was to eliminate free trade barriers, promote fair competition, and increase investment opportunities among the three nations.

The U.S. also participates in the World Trade Organization, also known as the WTO. Established in 1995, the WTO helps administer free trade agreements by handling various disputes and providing a forum for member nations to negotiate.



**Module 9: Economics**  
**Topic 1 Content: The U.S. and The Global Economy**

**Restrictions On Free Trade**



**Cain S. Hayek:** Although most economists maintain that free trade is generally positive for the nations involved, many governments implement restrictions on trade. These restrictions may be imposed in the name of national defense. They may also be used to protect key groups of people, such as workers in a particular industry, or companies that would suffer from international competition. In the United States, President Trump's administration has signaled a shift away from the free trade policies of the past few decades. Trump specifically described NAFTA as a "bad deal" for American workers, and has indicated his administration will support more restrictive trade policies, hoping to protect U.S. manufacturing jobs.

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**Ending of Episode**



**Demi Tracy:** I would like to thank you for that overview of the American economic system, Cain. I would also like to thank our viewers for tuning in to the program. See you next time.