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Policy Memo #2: America's COVID Recovery Plan

(718 Words)

Summary

The spread of COVID-19 has been the most extensive global pandemic in recent years. Many nations are suffering various degrees of economic repercussions, inducing a surge in unemployment, and destabilization of financial sectors. Our plan should be to aim to facilitate a fast recovery for our economy. Prospective policy options are to continue to withdraw from international organizations, or adjust our current withdrawal plan and work closely with international organizations. Of the two, we believe working with international organizations will result in a faster economic recovery for both the US and the international community.

Background

The United States discovered its first infection in January 2020, and the first death in February. By the end of March, new infections have been reported from all 50 states(CDC). To combat the spread, states have issued stay-at-home orders and social distancing rules. These measures have indeed reduced the infection rate; however, the pandemic and social distancing have widely disrupted economic activity, causing a wave of job losses and ending the longest expansion since World War II. (Cbo.gov). To consolidate economic recovery, the administration has taken the route to initiate the withdrawal from international organizations. However, the international community is

pushing back on the decision, arguing that the long-term impact of withdrawal may widen the wealth gap between nations.

Analysis

International Organizations can be viewed as an alternative investment method, and our primary interest in dealing with them is to assess whether the investment can yield reasonable returns for our people. During a global pandemic, the conventional fiduciary return becomes less critical. Instead, the utility from international cooperative efforts may expedite our road to recovery.

Option One: The Withdrawal. Continue to withdraw from international organizations, as they have minimal influence on state behavior and hold little promise for promoting stability (Mearsheimer, 2009). We are providing a large portion of the funding to various international organizations. However, organizations such as the WHO have failed to contain the virus from the beginning; we do not need global agencies to send out suggestive warnings; we would like to see concrete results from our investments. By detaching from them, we will be able to redeploy these funds to help the retail sector. Globalization can only benefit us if we have a strong and confident domestic consumption market, which coincides with our current administration's agenda of bringing back overseas productions. Leaving international organizations can make overseas productions undesirable, therefore, bringing back these productions will be preferred as the US remains the largest consumer market.

By withdrawing from international organizations, we will have effectively exited from our current treaties. Export makes up a significant portion of revenue for both government

bodies and individuals. Exiting economic focused treaties may cause spikes in tariffs, affecting the profitability of our export sector. Agriculture is especially vulnerable to unstable tariffs; if surplus can not be addressed, farmers will have difficulty surviving the intense fluctuating market.

Option Two: Maintain fundings. Adjust our current withdrawal plan and work closely with international organizations. It is ever more vital that we do everything we can to ensure our hegemonic position in the world. These international organizations can help us extend our influence indirectly, further fortifying our unipolar status. To incorporate the hegemonic stability theory, the international system is more likely to remain stable when a single nation-state is the dominant world power(Webb, M., & Krasner, S. 1989). A stable international system is crucial for the recovery effort. By holding our hegemonic position, we can be confident that we will be the frontrunner of economic recovery.

The short-term problem is public opinion. The indirect nature makes the funding of international organizations seem unclear. We may suffer from domestic pressure suggesting the money can be better used. Furthermore, supporting international organizations may attract unwanted liabilities. These organizations have not yet established any concrete result in containing the virus, which may pose a problem as the post-mortem blame game intensifies.

Recommendation

Relocating the fundings for international organizations may grant an injection of cash to our domestic market, but we are at risk of destabilizing global tariffs, which can inflict unpredictable trade obstacles. To achieve a globalized recovery, we first need to

maintain a stable international community. We believe in the hegemonic stability theory; we need to preserve our hegemonic prominence so the world can better recover from this pandemic.

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