

A call to action

Top economists face an interesting tradeoff. They can produce research that advances the knowledge in the field, or they can disseminate existing knowledge. Nobel laureates Milton Friedman, Paul Samuelson, and Gary Becker all wrote regular columns in popular magazines --where they tried to teach concepts, accepted within the discipline, to the general public. These economists hoped that by informing the electorate, they were creating voters who would put pressure on elected officials to produce policies that made economic sense.

Educating the public on basic economics is a tough task because people are rationally ignorant. The idea behind rational ignorance is that people do not have an incentive to vote. Their expected benefits from voting are less than their expected costs. In fact, people have a greater chance of getting hit by a car going to and from the polling booth than they do of casting the deciding ballot in a presidential election. And if people do not have an incentive to vote, they certainly do not have an incentive to educate themselves so that they can make informed decisions at the polls. This leaves them rationally ignorant. Luckily, people have other reasons that they want to be informed. Some feel they have a duty to be an informed voter. Others enjoy becoming informed; it is entertainment for them.

So how does this allow the general public to become informed about basic economics? Economics is difficult enough that its most important concepts do not make it into the newspapers,

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blog posts, and podcasts where people get their information. The authors of these news sources do not take the time to make economic arguments because there isn't much demand for these topics. People would rather hear or read about less difficult concepts.

However, people have recently become interested in the economic effects of tariffs. Before now, tariff rates were low enough that they did not affect people's lives much. Now, Trump is proposing tariffs that are so large they will greatly impact the welfare of most Americans. People have been paying enough attention that they have a sense of the economic harm tariffs can do. According to a recent Gallup poll, 89 percent of adults believe tariffs will increase prices and 70 percent of them believe tariffs will make the U.S. poorer.

The polls suggest that people know the results of tariffs. Very likely, they do not understand why tariffs cause these outcomes. Now is a unique opportunity for economists to explain economic concepts to the general public. Trump's tariff proposals are such big policy changes that they have captured people's attention. Economists should speak to these people while they are paying attention. Economists should formulate easy-to-understand explanations of the economic effects of tariffs.

My own explanations go like this. First, a tariff is a tax on goods produced in another

country. In order to pay the tax, firms selling these foreign-made products must increase their prices to help pay their new tax obligations. Second, here is an explanation for why tariffs will make the U.S. poorer. Suppose U.S. workers are significantly better than the workers in other countries at producing tractors but only a little bit better at producing bicycles. Free trade allows the U.S. to concentrate on making tractors. Then, it can trade tractors for bikes and get way more bikes than it could have made by itself.

If the U.S. places tariffs on bicycles, we will start producing our own bikes. But to do so, we will have to take workers away from our tractor factories, which in turn will cause us to produce fewer tractors. Without these tractors, we can no longer trade for a large quantity of bicycles. We will be stuck consuming the smaller quantity of bikes that we can make on our own.

Eminent economists have always thought it was worth devoting some of their time to explaining economic principles to the general public. They even held this belief during times when people were not paying particularly close attention to economic issues. If economists were producing value when writing for the general public during those times, their writings geared at the general public will be more influential now -- mostly because people are paying attention to the economics of trade, because Trump has forced the issue on them.

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