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The Effect of Trump's Economic Policies on the US Economy

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Master's Degree in Literature and Civilization**

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Dedication

Foremost, we thank the almighty Allah for providing us with strength and patience to complete
this task.

We would like to dedicate our work to the following amazing people who have helped us reach
our goal:

To our loving parents, for their undying love and unending support, as well as their faith and
trust in us.

To our highly valued supervisor for his constant support, encouragement, and presence whenever
we needed it.

Thank you to all of our family members and close friends for their support.

To all professors.

Abdessamed & Assil

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Abstract

The economic policies of the United States have become a highly contested issue concerning the possibilities and difficulties facing the American economy. When Trump took office, the effect of these measures became a particularly contentious topic. This research aims to examine the impact of the Trump administration's economic policies on the U.S. economy. To achieve this purpose, a descriptive approach was employed to investigate how these policies affected the U.S. economy throughout his administration. The data gathered for this study included but were limited to the experts' take on the topic and the reports that discussed the issue. These were analysed, and several findings were generated. The results revealed that the economic policies implemented by Trump's administration negatively affected the economy of the United States. Another significant finding was that this harm was done at the level of international domination due to Trump's reckless decision to withdraw from international agreements such as the Trans-Pacific Partnership. The latter put the U.S.'s rivalry, with China, in a better position to take control of the world's economy.

Keywords: Trump era, Economic Policies, U.S. economy.

List of Abbreviations and Acronyms

GDP	Gross Domestic Product
WTO	World Trade Organization
IMF	International Monetary Fund
ICSID	International Centre for Settlement of Investment Disputes
USA	United States of America
TPP	Trans-Pacific Partnership

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General Introduction

Background of the Study

The United States is one of the world's leading countries, and has the most advanced economic system. Economy of the US has been shaped by various economic policies executed by numerous administrations that have come to the White House, as well as the historical backdrop of the ongoing challenges faced by the country. For instance, the former President Barack Obama inherited a horrible economy due to the Great Recession and global financial crisis at the time. Despite the situation, analysts indicated that the economy under Obama's administration has improved and witnessed the fastest growth since World War II as a result of the economic measures put in place by this government. Additionally, experts argued that the successor of Barack Obama, Donald Trump, inherited an economic boom. Yet, he regarded it as a disaster and led a campaign to make America great again. As a result, Trump and his administration implemented a series of economic measures that had an impact on the US economy. An influence that Trump himself described as the greatest economy in the history of America. Glenn Kessler, an American diplomatic correspondent, aimed to address the validity of Donald Trump's claim that characterised Trump's speech during his one-term presidency, which he argued was false. Supporting his argument with the analysis presented by economic historians, he concludes that the US financial situation during Trump's time in office was not the greatest in history. In this regard, Trump's era was known for specific economic policies, including cutting personal and corporate tax rates, immigration restrictions, increased protectionism, deregulation, and coronavirus response. Therefore, this current study aims to investigate the impact of these policies on the US economy.

Statement of the Problem

In the past few years, the economic policies of America have become an increasingly debated topic concerning the opportunities and problems faced by the US economy. During Donald Trump's election, these policies' impact became a highly controversial issue.

Trump's economic plans have raised concerns over their efficiency and repercussions on the US development and growth. Therefore, it become crucial to examine and evaluate trump's economic regulations and its effect on the us economy.

Research Questions and Research Hypotheses

The current study seeks to provide conclusive answers to the following questions:

1. What are the economic policies that characterised Trump's era?
2. What are the advantages and disadvantages of Trump's economic policies?
3. How did Trump's economic policies influence the US economy?

To answer the questions of this research, we suggest the following hypotheses:

H1: The Trump administration has implemented various economic policies.

H2: Trump's economic policies positively affect the US economy.

H3: Trump's economic policies harm the US economy.

Aims of the Study

The current study aims to investigate the impact of the economic policies made by Trump's administration on the US economy. The aim of the study is to have an in-depth insight into the various perceptions and perspectives of researchers and experts regarding the impact of Trump's economic decision making on the US economy.

Research Methodology

The methodology adopted to conduct this research was qualitative approach to understand the consequences of Trump's economic decisions. Therefore, a descriptive case study is designed to be implemented to address the questions posed in the previous section. In addition,

secondary data is gathered for the current study, including a systematic literature review. This type of data will be accessed by generating a database from the available evidence. Our search includes newspapers' reports and periodicals, business and government documents, social media posts and comments, interviews and conversations. Finally, the discourse analysis method will analyse the data gathered from the latter sources.

Significance of the Study

The significance of the current investigation lies in the importance and consequences of the Trump's era for the economic history of the United States of America. Additionally, the lack of previous academic studies on this topic makes it essential to systematically conduct it and draw conclusions that answer the research questions. Therefore, the study's primary contribution is to provide a clear and crucial step into the right direction for future endeavours with a coherent and well-structured argument.

Structure of the Study

The present research is systematically divided into three chapter and every section is dedicated to examine number of policies and regulations.

The first one concerns the domestic economic policies during the Trump era. This chapter discusses the following subsections: An overview of the US economy, tax policy, deregulation policy, federal government spending and coronavirus response.

Moreover, the second chapter is titled: the international economic policies during the Trump era. The chapter discusses Trade policy and agreements, protectionism and mercantilism and the immigration hostility policy.

Finally, the third chapter is titled: The impact of Trump's economic policies on the US economy. The last chapter presents the following topics: Economic Recession, Labour market and international relations.

CHAPTER ONE

Domestic Economic Policies of U.S

Chapter One: Domestic Economic Policies of USA

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Introduction

The present chapter discusses several fundamental elements, and it examines to identify the need and purpose for this research. Having presented these in the introductory chapter, an exploration of the academic and empirical literature is presented in this chapter:

1. It is needed to examine the definitions of the main concepts, and then it is needed to explain how they are essential for this study.
2. An overview of the U.S. economy is explained to establish the context for the study.
3. Different economic policies such as tax, deregulation, federal government spending, and Coronavirus response are explored.

1.1 Definitions of Key Concepts

The key terms and technical jargon related to the study are defined.

GDP: The acronym refers to the Gross Domestic Product. It is defined by the Organisation for Economic Co-operation and Development (2022) as the standard measure of the value-added created by the production of goods and services in a country over a given timeframe. Apart from this, it accounts for the revenue generated by that production and the overall amount spent on final goods and services (fewer imports). While GDP is the most significant indicator for capturing economic growth, it disregards the mark of maintaining a practical assessment of the material of the people's well-being, for which other metrics may be more appropriate. Finally, this indicator is based on nominal GDP (also known as GDP in value or at current prices) and comes in two forms: U.S. dollars and U.S. dollars per capita (current PPPs).

Economic Growth: Historically, the term has been used to describe expanding a country's capacity to generate products and services (Keightley & Weinstock, 2022). Additionally, Gale and Samwick stated that economic growth is also related to the increase of potential GDP.

Mercantilism: According to Kenton (2020), Mercantilism is an economic trading system that flourished from the 16th to the 18th centuries.

First of all, Mercantilism is founded on the idea that the world's wealth is constant. Hence many European countries tried to amass the maximum possible portion of it by boosting their exports and restricting their imports through tariffs.

Second, LaHaye (2018) states that Mercantilism is economic nationalism to establish a wealthy and robust state. Furthermore, she extends to say that the term "mercantile system" was first introduced by Adam Smith to characterise the political and economic system that intended to benefit the country by restricting imports and increasing exports. From the 16 until the late eighteenth century.

In conclusion, this system dominated Western European economic theory and policy. Therefore, the purpose of these measures was ostensibly to produce a "favourable" trade balance to attract gold and silver into the country while maintaining domestic employment.

Domestic policy: In this essay, the term will be used in its broadest sense to refer to all the goals and efforts of the national government to address concerns and requirements that exist within the country. First of all, the federal government, in most cases, develops domestic policy in conjunction with state and local governments. A further instance of this is the domestic policy in the United States, as it can be classified into various areas, each focusing on a distinct part of American society, such as Regulatory Policy, Distributive Policy, Redistributive Policy and Constituent Policy. As a result, within each of the four main categories listed above, various specific areas of domestic policy must be produced and adjusted regularly to adapt to changing requirements and circumstances. Examples of these areas are: Defence Policy, Environmental Policy, Energy Policy, Law Enforcement, Public Safety, Civil Rights Policy, Public Health Policy, Transportation Policy, Social Welfare Policy and Economic Policy which is the scope of this study. Finally, the phrase is used in its most straightforward primarily to describe all of the

objectives and attempts of the national government to solve the problems and requirements of the country.

Foreign policy: According to Frazier (2019), foreign policy is an economic policy that consists of the strategies used to protect international and local interests and how a nation interacts with other governments and non-state actors. Therefore, the primary purpose of foreign policy is to protect the national interests of a country, which can be achieved through nonviolent or confrontational means. Similarly, Folarin (2017) states that foreign policy is the systematic pursuit of national goals. Therefore, "Pursuit" implies action, steps, and roles that will define a state's attitude or behaviour in the external context. Second, Foreign policy may be compared to a wedding ring, with which a nation's internal environment commemorates its relationship with the world community.

Furthermore, academics have defined foreign policy as a pattern of behaviour that one nation adopts in its interactions with other nations, a concept that other scholars regard as the nation's strategy and tactics in its interactions with other nations in the international system. Thus, Foreign policy is a nation's strategy or program of operations that establish the sum of the nation's objectives in the international system. Put another way. They are a nation's acts toward its external environment and the domestic conditions under which such actions are developed. Finally, this appears to correspond with Henry Kissinger's oft-quoted assertion that the domestic structure is assumed in foreign policy analysis because foreign policy begins where domestic policy ends.

1.2 Overview of the U.S. economy

A brief presentation about the history of the U.S. economy is outlined. The focus is divided into three pivotal periods in modern history that made the U.S. economy: the post-war

economic period 1945-1960, the economy in the 1980s and the U.S. economy in the 1990s and beyond.

1.2.1 The Post-war Economic Period 1945-1960

The end of World War II ushered in a golden age for the American economy. This period witnessed a spike in economic activity and production, the growth and prosperity of the middle class, and the birth of the baby boomer generation. As a result, between the late 1940s and the early 1970s, the US GDP increased at an annual rate of over 4%. In addition, by the 1970s, the economy's fundamental shift from industry and manufacturing toward services was well underway. However, over several seasons of unparalleled prosperity, the economy stagnated, and a sequence of incidents, such as the Bretton Woods system's collapse, the 1973 oil crisis, and growing global competition, triggered significant economic shifts. Finally, the 1970s were characterised by a period of slow growth and inflation dubbed "stagflation." (Focus Economics, 2022; U.S. Department of State, 2017).

1.2.2 The Economy in the 1980s

Reaganomics began in the 1980s when President Ronald Reagan campaigned for a series of economic reforms:

1. The primary goals were to cut government expenditure and regulation, reduce taxes, and tighten the money supply.
2. Reagan was very successful in rewriting the tax system and advancing deregulation in several critical sectors of the economy.
3. While economic expansion and productivity soared, the federal debt of the government doubled.
4. Reaganomics represented a shift away from Keynesian-inspired economics that had dominated since the Great Depression and toward free-market supply-side economics.

1.2.3 The U.S. Economy in the 1990s and beyond

The United States economy has grown at the fastest rate globally for the most extended period due to several significant variables (The U.S. Economic Boom of the 1990s, 2018). First, the country was on the verge of embarking on what many analysts believe would be the most extended economic boom in modern history. Second, as the decade of the 1990s progressed, the economy displayed signs of robust performance. Third, trade prospects improved dramatically with the breakdown of the Soviet Union and the fall of communism in Eastern Europe in the late 1980s (Moffatt, 2020). Furthermore, according to Frankel and Orszag (2001), this was due to short-term and long-term factors. For instance, the later factors are globalisation, technology, and innovation. In addition to that, technological advancements resulted in a wide variety of sophisticated new electronic items being introduced in the United States throughout the 1990s. Therefore, the 1990s were marked by a stock market boom and a surge in the service industry (Frankel & Orszag, 2001; Moffatt, 2020).

Moreover, as citizens of the 21st century, one could see the impact of this factor in particular and how it created job opportunities and reduced unemployment for many individuals. In short, these analysts concluded that the workforce in the United States witnessed a significant transformation in the 1990s. As a result, the number of farmers has decreased in recent years, continuing a long-term trend. Finally, a tiny proportion of employees had occupations in the manufacturing sector, but a far more significant proportion held positions in the service sector, ranging from shop workers to financial advisors and beyond.

1.3 Tax Policy

The relation between taxes and economic growth is a widely disputed issue in economics. First of all, in the 1990s, the Republican Party in the U.S. made significant attempts to reduce taxes, though their authority over the size of government was less impressive.

Furthermore, other expenses were added to the ballooning debt, including Medicare and Social Security. Additionally, the decreasing tendency in taxes had come to a halt when former President Bill Clinton gained office in the 1990s. Apart from this, in 1993, small tax hikes were enacted, and in 1997, a negative income tax was implemented. Finally, negative income tax was a secret expenditure scheme that allowed those who did not pay any taxes to get monies from the tax system in tax credits (Beattie, 2020).

Firstly, according to Zidar and Zwick (2020), the United States' financial condition in the late 1990s was far better than it is now. For instance, the recent increase in wealth disparity gives a strong starting point for federal officials to begin hiking taxes. Furthermore, during the mid-1990s, the rise in highest revenues accompanied a series of tax policy changes that reduced top tax burdens while contributing to rising federal budget deficits. For example, the 2001 income tax reductions, the 2003 profit tax reductions, the 2001 estate tax reductions, and the 1997 and early 2000s stamp duty reductions are all revenue decreases. In this regard, Beattie (2020) stated that former President George Bush's 2001 tax reduction reversed the pattern of tax rises while increasing tax credits that resulted in negative income taxation. Despite not being designed for that purpose, this long-term tax cut aided in shortening the recession that followed the dot-com disaster by saving the economy from any extraordinary stimulus measures.

Furthermore, Beattie (2020) added that the tax cuts enacted by former President Bush ended in 2010 when former President Barack Obama assumed office. Furthermore, this happened at a particularly stressful period when more workers were retiring, and the globe was still suffering from the impact of the financial crisis and the Great Recession. However, with the election of Donald Trump, things have shifted once more. As a result, his administration signed the Tax Cuts and Jobs Act into law in 2017 to lower individual, corporation, and estate tax rates. For instance, the bill included several concessions, such as lower tax rates in various income tax bands.

To conclude, tax policies have a significant impact on economic growth. Therefore, it is vital to focus on the tax policies introduced by Trump and investigate their impact on U.S. economic growth.

1.4 Deregulation Policy

Deregulation is regarded as one of the most critical long-term elements influencing U.S. financial growth. First, Kenton (2022) defines *deregulation* as the limitation or withdrawal of government power in a specific industry, often adopted to promote company competitiveness. In this regard, Winston (1998) claimed that economic deregulation is not something that happens immediately. Furthermore, it takes time for legislators and administrators to eliminate regulatory frameworks, and deregulated industries take far longer to cope with their new competitive environment. Moreover, Frankel and Orszag (2001) stated that the history of the U.S. economy had been more tightly controlled than that of many other developed countries. However, tremendous progress has been made toward deregulation in the previous 25 years.

In this context, regulations that hindered price competitiveness were re-evaluated in the 1970s when Americans became more worried about inflation. Thus, when these regulations protected enterprises from market pressures, the government chose to repeal restrictions in several circumstances, and the initial focus of deregulation was transportation. Moreover, during the presidency of Jimmy Carter, Congress passed a series of measures that eliminated the bulk of regulatory barriers that surrounded trucking and airlines. As a result, companies were permitted to compete by using whatever method of transportation they chose while determining their tariffs. Thus, the 109-year-old Interstate Commerce Commission and the 45-year-old Civil Aeronautics Board were eliminated as part of the transportation deregulation process. Meanwhile, deregulation was expanded to the communications industry under the Reagan administration. Furthermore, the electric industry has been deregulated; however, some of these

deregulations have encountered challenges, notably in the electric and banking sectors (Conte et al., 2001; Frankel & Orszag, 2001).

Moreover, several transportation businesses resisted deregulation at first but gradually tolerated it. As a result, the experiences of the consumers have varied. However, almost all low-cost airlines that sprung up at the beginning of deregulation have vanished, and a wave of airline mergers may have reduced competition in some areas. Nonetheless, most experts believe that flight costs are lower than they would have been if regulation had remained in place (Conte et al., 2001). In terms of the Obama administration, Batkins (2017) argued that while Obama was in office, he enacted 18 significant deregulation initiatives, but he also implemented 118 necessary restrictions in 2016. Furthermore, there is no indication that these cost-cutting methods resulted in significant environmental or security issues. Finally, the arguments mentioned earlier show that Presidents Carter, Reagan, Clinton, and, to a lesser extent, Obama, were all able to minimise regulatory expenses without causing air and water pollution.

In conclusion, the issue now is whether President Trump can reproduce and improve the previous administration's little triumphs. In that case, according to Batkins, there is no reason why President Trump cannot repeat and expand on those previous accomplishments (2017). However, Even though determining the exact influence of deregulation is hard, it is evident that it caused considerable disruption in impacted industries (Conte et al., 2001). Therefore, Deregulation measures may have a long-term influence on improving the efficiency of the U.S. economy.

1.5 Federal Government Spending

The practical implementation of financial and monetary policy is considered the main contribution to the solid financial performance in the 1990s. First, the main fiscal policy

agreements were the 1990 budgetary agreement and the 1998-2000 preservation of developing unified balanced budgets for debt relief. Due to the enormous rise in revenue and tax collection, these initiatives had replaced chronic deficit spending with massive balances by the end of the decade. Nonetheless, authorities' primary economic achievement throughout the previous decade was to disperse the developing surpluses through significant tax cuts or program expansions (Frankel & Orszag, 2001). In this regard, Frankle and Orszag concluded that between 1993 and 2000, the Federal government's shift from imbalance to surplus contributed to the overall growth in income domestic savings. Therefore, long-term paces of interest remained low due to this excess saving, encouraging investment in private industry. As aforementioned, the 1990s experience indicates the stimulus spending that may be provided by long-run budget deficits paired with the monetary comfort phenomenon that several macroeconomists ignored before the 1990s (2001). As a result, one can conclude that federal government spending plays a crucial role in the economic development of the U.S.

Furthermore, after declining by 01 per cent prior to Trump's victory, federal government expenditure has increased by 2.9 per cent per year on average since then, offering a significant boost to total GDP. This is primarily due to increased military spending, but it also represents an increase in non-defence spending. On the other hand, Trump has negotiated deals with Congress on two occasions to increase spending over budget constraints imposed during the Obama administration, then contributing to the economic stimulus provided by tax cuts. In addition to that, corporate tax cuts were supposed to encourage company investment, but that had not occurred. As a result, since Trump took office, business investment has grown at 4.2 per cent annually, a down from the 5.2 per cent average that existed previously (Hilsenrath, 2019).

In conclusion, it can be observed that the federal government spending under the occupation of Trump had a favourable influence on the U.S. economy compared to the term of Obama.

1.6 Coronavirus Response

According to research published by the University of California, San Francisco, and the Institute for Global Health Sciences, 2020 will be the most disastrous in terms of health due to the Coronavirus pandemic. First of all, it will be recognised in history as the worst calamity since the Great Depression because the coronavirus epidemic has caused a public health and economic disaster in the U.S. as a result, the epidemic has disturbed people's lives, overburdened healthcare systems, and caused a global economic slump (Bauer et al., 2020). Moreover, in January of 2020, the United States announced the first case of COVID-19. Following a growing epidemic in March and April, the number of new cases has decreased because of various containment efforts. However, infections spiked again in early summer as economic activity and travel resumed, but they steadily decreased during the summer as better preventative measures were implemented.

On the other hand, new cases began to rise again in September and continued to increase until early January. While new cases have been dropping since mid-January, Covid-19 vaccines have increased. Finally, the United States GDP shrank by 31.4 per cent in the second quarter of 2020 but has since returned impressively. Finally, in May 2021, the unemployment rate remained at 5.8%.

Second, according to Goodman and Schulkin (2020), the United States was reluctant to respond to the virus when every day of inactivity meant the most, regarding the potential public health effects and the severe economic implications. Furthermore, Trump and some of his closest advisers also circulated false information, putting the public in danger and making them more susceptible to underestimating the seriousness of the epidemic. Despite reducing the number of people who died and the economic damage caused by the epidemic, the U.S. government was poorly prepared because it had wasted a crucial time. However, the U.S. had met the crisis of Coronavirus with a more modest approach than public health professionals

suggested. As a result, in the third week of January 2020, different American diplomats returned home promptly, alerting the State Department of the country's potential public severe health danger. As a first reaction, Alex Azar, a former Secretary of Health and Human Services, sought to speak with Trump regarding Covid-19 for the first time on January 18, 2020. On the other hand, Trump ignored the warning and instead spoke about vaping and if flavoured vaping items will be reintroduced to the market. Finally, Trump stated that the Coronavirus situation is under control.

Third, Harris et al. (2020) reported that Trump was still asserting in February 2020 that the virus's threat was minor; "I think the virus is going to be — it is going to be fine," Trump said (para. 27). Meanwhile, when Nancy Messonnier, a senior Centers for Disease Control and Prevention (CDC) official, informed reporters on February 25 2020, that the disease was likely to spread within communities in the U.S. and that disruptions to everyday life may be "severe," she declared probably the most severe public warning to that date. Finally, according to two senior administration officials, Trump contacted Azar on his way back from a trip to India and complained that Messonnier was frightening the financial markets.

Forth, according to the resources mentioned above, Trump's initial response to the coronavirus pandemic was slow. He did not take the situation seriously, despite authorities and health professionals warning of the threats that the disease's spread could pose to the country, particularly in the economic sector. However, this response ultimately altered, and Trump quickly modified his speech and comments regarding the virus. Thus, according to individuals associated with Trump's conversations, after seeing statistical models about the disease's distribution from other nations and hearing directly from Deborah Birx, the White House coronavirus task force coordinator and chief executives last week, rattled by a stock market drop. As a result, Trump eventually changed his tone concerning the pandemic. However, at that time, warning signals of a big epidemic in the U.S. seem to be everywhere (Harris et al., 2020). In this

regard, Zamarippa (2020) stated that While Congress continues to debate whether to offer further stimulus funds to companies and consumers. Therefore, it is essential to remember that the U.S.' present direction was not predetermined at the start of the epidemic because the Trump government's inability to take the coronavirus problem seriously, as well as its poor and delayed testing regime, resulted in a public health disaster that forced employees and customers to stop working.

Consequently, the failure to respond quickly to keep people employed, either through helping small firms, limiting state and municipal employment losses, or keeping employees' links to payrolls, has led to millions of layoffs that could have been averted. Hence, this has resulted in considerably greater unemployment rates in the U.S. than in other nations. Finally, with the Trump administration and its supporters unwilling to take actions that may avert additional and deeper pain, the economic consequences in the United States are likely to be substantially worse than in other developed countries.

Fifth, even though the United States is approaching a 20% unemployment rate and has the most significant Coronavirus related mortality toll globally, President Trump continues to dismiss the need for testing. Moreover, according to the impartial Congressional Budget Office, GDP in the U.S. is forecast to decrease at an annualised rate of 40 per cent in the second quarter of 2020 and 5.6 % for the year. Finally, as some other nations started to reopen and experience economic growth, it is worth remembering that, while a recession in the U.S. was almost certainly inevitable, there is significant proof from other countries that Trump's botched response prolonged and deepened the U.S. recession considerably longer and more profound than necessary.

In conclusion, compared to other nations' actions, notably in the economic sector, the Trump administration failed to deal with the viral outbreak properly. Therefore, according to Bivens, the Trump administration was likewise steadily damaging the economy before COVID-

19 (2020). On the other hand, Bivens stated that Trump had been squandering the areas of strength in the U.S. economy that he had inherited long before the outbreak. It is worth noting that, Wide-ranging prosperity demands strength on the supply, demand, and distributive sides of the economy, and Trump's policies were either inadequate or damaging on these fronts. Despite the heavy tax cuts that the Trump administration made for corporations, business investment has dropped, while, in terms of distribution, the Trump government has weakened labour norms and regulations that might help employees bargain more effectively. Finally, the great bulk of Trump's tax cuts went to already-wealthy corporations and people, who prefer to save rather than spend the majority of whatever extra money they receive.

Conclusion

In conclusion, this chapter discussed three key points. First, it presented the theoretical concepts that relate to this study to facilitate the reader's understanding of what the study is conducted upon. Additionally, some concepts were explained, such as GDP and economic growth. Also, it included an overview of the main developments that the U.S. economy experienced throughout three main periods in modern history. Furthermore, the study provided an overall account of the central domestic economic policies of the USA. Finally, as argued across the chapter, exploring the local economic policies of the United States is a crucial step in addressing the research questions.

CHAPTER TWO

The International Economic Policies during Trump

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Introduction

Donald Trump has pushed the United States to be more active in international trade negotiations. Trump accused his trading partners of taking advantage of the country by running massive trade deficits. First of all, during his opening speech, the president promised the American employees that they would never leave the United States again. In this regard, two important goals underpin Trump's global trade agenda. As a result, he tried to promote fair trade by restoring reciprocity and balancing the commercial relationships between the U.S. with its trading partners. Finally, in its foreign policy, Trump attempted to stop outsourcing productive activities from the U.S. and generate new employment to retain a strong and expanding local market.

2.1 Definitions of Key Concepts

Protectionism is a term used to describe government policies limiting foreign trade to benefit home businesses. Protectionist policies are typically intended to boost domestic economic activity, but they can also be adopted to address safety or quality problems.

Mercantilism was an economic trading system that existed from the 16th to the 18th centuries. Mercantilism is founded on the idea that the world's wealth is stable. Hence many European countries tried to amass the maximum possible portion of it by maximizing their exports and limiting their imports through tariffs.

The hostile environment is a complex network of immigration controls intertwined with the government and society. For example, before applying for a job, housing, healthcare, or other services, the government requires employers, landlords, private-sector workers, NHS professionals, and other public officials to check the immigration status of the person. Therefore, if landlords and employers refuse to comply, they may receive fines and criminal penalties.

2.2 Trade Policy and Agreements

Since the end of World War II, free trade has served as the economic underpinning for the legal norms and institutions of International Trade Law. As a result, countries today have at least one free trade deal with the rest of the globe. Although there were just 100 free trade agreements in 1995, the World Trade Organization (WTO) now has 320 international commercial treaties signed by its member countries. Furthermore, free trade and its counterpart, foreign investment, aided the emergence of several foreign interstate organizations with international legal personalities. Moreover, the objectives assigned to these countries concern a wide range of areas of global trade policy. Additionally, the International Monetary Fund, one of the two Bretton organizations of the Woods twins, obtained competencies to oversee the sustainability of exchange rates in international monetary and financial relationships, as actions in this sector are crucial for achieving free trade objectives. Finally, the International Center for the Settlement of Investment Disputes was established to provide legal protection and defend the interests of investors in the hosting country from certain political risks (Petrova Georgieva, 2020).

In this context, Petrova Georgieva (2020) added that the end of free trade as a dominant commercial strategy state was dictated by the 2008 economic and financial crisis, as well as the collapse of sky-high home prices in the U.S. Firstly, the foreign policy of Trump is only an indication of the exhaustion of commercial liberalization as a model of international trade law. Moreover, states continue to employ trade limitation strategies, including trade secret theft and sanitary and phytosanitary restrictions. Additionally, recent research indicates that trade liberalization did not adhere to the win-win rationale and led to many failures, both among states in their trade exchange ties and their citizens. Furthermore, Free trade has affected non-qualified workers in developed countries by subjecting them to unjustified competition from developed markets and their abundant supply of cheap labour. Finally, employees in developing nations are

exposed to labour exploitation and poor salaries since it is the only option for the product of their country to remain competitive.

On the other side, workers in agriculture -which is frequently the most important sector of a developing country's domestic economy- have been unable to compete with export subsidy schemes in industrialized countries. As a result, the ability of free trade to propel national economies ahead has been called into doubt owing to the de-location of productive activity and the disparity in the local and worldwide distribution of benefits and economic rents that it has created (Petrova Georgieva, 2020; USTR, 2017). Moreover, in reaction to the weaknesses of free trade in International Law, its foreign policy of Trump takes a more assertive stance, focusing on neo-protectionism in some critical areas of the U.S. economy. As a result, this neo-protectionism strives to persuade other nations to allow American companies to have fair and reciprocal access to their markets, considering the dependence on the most traditional tool of international trade policy: taxes. In this regard, Trump has set 25 per cent tariffs on steel and aluminium imports into the U.S. since the beginning of 2018.

Meanwhile, he was expected to choose these two industries to erect trade restrictions. As a result, during the twentieth century, the United States was the leading manufacturer of steel and aluminium, as Petrova Georgieva (2020) claimed. Also, from an economic standpoint, it is apparent that the neo-protectionist international policy of Trump will result in more damage to the U.S. economy than advantages. Moreover, tariffs raise the cost of importing goods into the U.S., which ultimately raises the cost of imported items in the domestic market. Furthermore, higher pricing will result in a large quantity and a reduced demand for imported products (economic law of supply and demand), resulting in a decrease in imports to the United States. Finally, the national producers of the duty-imposed imports will benefit in which their producer surplus would grow.

On a worldwide scale, the neo-protectionism of Trump would inevitably reduce the volume of trade transactions, causing a slowdown in both the international economy and domestic economic growth. As WTO Director Ricardo Azevedo predicts, they would witness a 17 per cent drop in global commerce. As a result, this would result in a considerable reduction in GDP growth and a substantial disruption for employees, businesses, and communities as they adapt to this new standard. As a consequence, millions of employees may become searching for new employment. Likewise, businesses could search for innovative goods and markets; and communities could try to find new sources of growth (Azevêdo, 2018; Petrova Georgieva, 2020). Moreover, several international organizations and their liberalization program were worried by Trump's breakdown of free trade standards, which is essential in the International Trade Law. While some researchers have already mentioned Beijing Woods, the two Bretton Woods institutions and the World Trade Organization produced an intriguing study in 2017 in response to the danger regarding Protectionism made by Trump (International Monetary Fund, 2017).

In conclusion, the reaction of Trump to trade crises created by international economic liberalization should not be a neo-protectionist assault on the rules and institutions of international trade law. In this sense, market access and trade obstacle removal promote trade flows and increase the overall quantity of the local economy. The issue is that proportional cake-cutting in portions has nothing to do with free commerce or International Trade Law. Finally, free trade does not result in redistribution and social fairness on its own, but they are entirely dependent on the states' local policy decisions and legal rules.

2.2.1 Protectionism and Mercantilism

2.2.1.1 Protectionism

In a speech about the coronavirus pandemic, the declaration made by Trump about the industry and financial independence demonstrates the political significance of economic Protectionism. Although it is politically beneficial to promote protectionist measures and

perspectives, all available data and the vast majority of experts agree that economic Protectionism is a mistake. Finally, it is ineffective, leaving Americans in a worse financial position than they were earlier.

Furthermore, to effectively preserve the U.S. economy, greater emphasis is targeted on educating voters and assisting free trade losers so that the government can retreat from protectionist policies. Moreover, Protectionism is a policy agenda that aims to safeguard American industries against external competition. Finally, the government may increase costs for foreign corporations to sell their products in America by carefully targeting tariffs and levies, thus to keep inexpensive imported items from undercutting local pricing.

In conclusion, Garg (2020) claimed that this strategy is ideal from the standpoint of a domestic enterprise. In an interview with the Harvard Political Review, Mark Perry, an economics professor at the Michigan University, argued that in an ideal situation for the manufacturers, they would prefer to become monopolies, have no competition, and have the maximum price possible. Therefore, economic Protectionism brings them far closer to their ideal world by eliminating competition and unfairly increasing prices. On the other side, one may look at these regulations from a customer's perspective. While just a tiny percentage of the population works for these huge manufacturing enterprises, everyone in our country is a customer. Finally, any modifications to the customer experience will have a considerably more significant impact on people and the economy overall.

2.2.1.2 Mercantilism

In March 2018, it was easy to disregard the statement of U.S. President Trump stating that trade conflicts are simple to win as a rhetorical flourish. However, it is now evident that Trump meant it since he truly trusts the out-of-date macroeconomic ideas that support his plan. On the other hand, Countries engage in international commerce to receive imports in return for exports, such as consumer products, intermediate goods, and capital equipment. In this

regard, exports are merely the products that Americans are ready to renounce to obtain what they need. Additionally, International commerce increases the value of the entire economic pie by allowing countries to concentrate on what they do well. Moreover, the relative strengths of countries are determined by variations in resource donations, according to the comparative advantage theory of David Ricardo. Finally, as economists Paul Krugman and Elhanan Helpman demonstrated in the 1980s, the relative strengths of countries are tied to their investments in diverse fields of the subject.

Second, Trump has defied economic principles by adopting a primitive mercantilist framework in which exports are good, and imports are bad. A surplus of exports over imports enhances the capacity wealth in a mercantilist economy by accumulating paper claims (previously gold). Moreover, this appears to be the intention of Trump when he claimed that China is draining \$500 billion from the U.S. economy every year, mainly through the exchange of Chinese commodities for U.S. Treasury bonds. Nonetheless, it is difficult to understand how acquiring many high-quality items at a low price can be considered lost, according to Barro (2020). Additionally, Trump appears to be relying on a concept offered by Peter Navarro, the trade strategist of Trump. The latter discovered that imports show a negative sign in the GDP identified identity connection. In other words, GDP is the total of consumption, domestic investment, exports, and imports minus imports. Finally, the president concluded that a tariff-induced decrease in imports would increase domestic production (GDP), which would fulfil the demand formerly provided by imports.

Third, it is undeniable that China limits international commerce and imposes substantial foreign investment costs, frequently requiring foreign companies to transfer technology to Chinese partners. In addition, theft of technology by Chinese organizations is also a significant problem. Therefore, if these restrictive tactics were curbed, it would be better for the globe and undoubtedly for China. However, placing tariffs on Chinese goods is an

unorthodox approach to lower trade barriers if the objective of the U.S. is to do so. Moreover, there was a time when China appeared eager to make meaningful reforms in exchange for avoiding tit-for-tat tariffs. Regardless, the Trump administration wanted a quantified list of particular U.S. commodities China would buy in higher proportion. Therefore, the Chinese were pleased to proceed since it is consistent with a command-and-control economic government system. On the other hand, the American method is intended to be distinct. Finally, recognizing that we do not know whether additional Chinese purchases have to be made in the form of agricultural goods, Ford pickup trucks, or Boeing planes (which were once considered reliable), the U.S. should advocate for a general reduction in tariffs and other trade restrictions, allowing the market to decide what goods should be produced and exchanged.

In conclusion, Trump appears to truly enjoy tariffs because they stifle bad imports while raising income. Unlike many of his other economic strategies, his support for tariffs is genuine, and his devotion to the policy is thus unbreakable. However, it is not easy to see how the U.S. and China can reach a good trade agreement. Finally, among previous presidents, Trump does not have the lowest economics I.Q. As a result, there is a large gap between what he understands and what he knows.

2.2.2 The Immigration Hostility Policy

In 2016, Lowther (2020) stated that President Trump entered the race for the presidency on a promise of limiting illegal immigration. The head of state accused undocumented Mexican migrants of several concerns, including violence and drugs. Finally, it is essential to discuss how this rhetoric turned into a broader immigration policy.

First, Lowther (2020) mentioned that foreign-born residents in the U.S. increased by around 3 per cent in 2019, from 43.7 million the year before Trump's victory to almost 45 million. The increase includes a significant change in the largest population segment, those who have immigrated to America from Mexico. Moreover, since Trump's election, the number of

Mexican-born persons residing in the United States has rapidly decreased after remaining roughly constant for years. On the other hand, a rise in the number of individuals migrating to the U.S. from Latin America and the Caribbean compensated for the decline. Finally, demographers at the U.S. Census Bureau approximate that the immigration rate, the number of people moving to the U.S. minus those leaving, has dropped to its lowest point in a decade.

Second, the visa system has witnessed some significant alterations due to this trend. First, Trump has made it easier for people to come to the U.S. temporarily for work, but he has made it much more difficult for foreigners to stay permanently in the country. As a result, the decline of temporary visas, from more than 1.2 million in 2016 to about one million in 2019, has influenced chiefly relatives of U.S. citizens and residents seeking to join their families. Besides, the number of permanent visas sponsored by corporations stayed virtually unchanged. Finally, despite affecting a more significant number of individuals, the major reform of Trump to immigration policy has been to reduce the number of refugees allowed to the United States.

Third, the hostility of Trump against immigration from Muslim nations is well acknowledged. He promised to ban Muslim immigration to the United States. Lowering refugee quotas appeared less complicated than a total ban, which legal issues would delay. Finally, soon after he took office, the number of refugees allowed from several Muslim-majority countries, including Iraq, Somalia, Iran, and Syria, decreased to almost zero (Lowther, 2020).

Fourth, the administration's zero-tolerance policy is inherently corrupt, and there are clear indications that family detention is still being considered. As a result, thousands of children were isolated from their parents. After widespread public outcry, the administration suspended family separation and instead attempted to keep migrant families together, a move that has been challenged in court. In addition, the fundamental objectives of the Trump administration in this aspect are unclear. While criminal prosecution and incarceration remain essential aspects of the government's deterrent strategy, the administration still seeks a family detention option.

Fifth, this might also apply to families seeking refuge at border crossings. However, the administration has stated that parents of children under the age of five who are caught would be followed using ankle monitoring bands. Additionally, regulations for children above five have not been specified (Chen, 2018; Fawcett et al., 2018; Hay, 2018). Also, the zero-tolerance policy is inherently harsh, and R.I. is particularly worried about the ongoing efforts of the administration to obtain judicial approval for long-term family confinement. Also, concerns about children have been raised by a recent ProPublica investigation. Finally, ProPublica looked into police files and phone logs from 70 immigrant detention centres that contained children over the previous five years and found allegations of sexual abuse and exploitation of migrant children.

Sixth, the policy conflicts with the international responsibilities and policies of the United States: R.I. is also worried about the zero-tolerance policy of the administration of Trump administration under the 1951 Refugee Convention and its Protocol. "The Contracting States shall not impose fines, on account of their illegal entry or presence, on refugees who, taken straight from a territory where their life or liberty was taken, enter or are present in their land without permission, provided they present themselves to the authorities without time lag and show good cause for their illegal entry or presence," says Article 31 of the Refugee Convention. Finally, the policy of detention and punishment for anyone who enters without authorization directly contradicts this law.

Seventh, it is estimated that holding an immigrant in immigration detention costs around \$208 per person each day. Throughout the fiscal year 2018, 51,379 persons are expected to be in immigration detention every day, with an average prisoner stay of 44 days. Additionally, a mattress in one of the camp villages, where migrant kids have been sheltered, may add up to \$775 per child. Moreover, the expense of hosting imprisoned child migrants has been projected to be almost \$1.5 million per day for the two months between mid-May and mid-July. Therefore,

the government has already transferred funds from other essential federal health initiatives to pay for the zero-tolerance policy. Finally, over \$200 million in discretionary funding from the Department of Health and Human Services is reallocated, money that could have gone to rural health initiatives or public health crises.

Eighth, the callous and inhumane practices are unacceptable regardless of whether or not they prevent victims of persecution from seeking refuge in the United States. It is uncertain that the zero-tolerance approach of the administration of Trump measures will have the intended result. Procedure Stream is now a form of a zero-tolerance policy used in Texas, Arizona, and portions of California. Finally, this policy was initially set to the test in 2005 in Del Rio, Texas, to prevent illegal border crossings.

Ninth, Chishti and Bolter (2019) stated that as the government moved forward with its immigration agenda, an opposition appeared to disappear in certain areas. During the first two years in office, there were numerous protests concerning the immigration ban in 2017 and family separations at the US-Mexico border in 2018. Despite enacting a policy framework that virtually terminated asylum at the southern border in 2019 and 2020, widespread opposition remained muted. Moreover, several social organizations have continued to spread the so-called Know Your Rights education and legal help, with some funding from local governments. Finally, employees at a few significant technology businesses have also opposed the contract of their employers with federal immigration authorities.

Tenth, although congressional inactivity and opposition blocked several legislative objectives of Trump, his government was able to work around them. After Congress consistently denied the large-scale budget requests by the president, the administration used an emergency declaration, taxes on legal immigrants, and transfers of already approved funds to support enforcement, including immigration detention and the border wall. As a result, Congress convened to criticize Trump publicly on three immigration policies: First, it repeatedly passed a

bill to prevent the president from declaring an emergency to fund the wall, which Trump rejected twice. Second, it prohibited Immigration and Customs Enforcement from utilizing information on unaccompanied sponsors of minors for immigration enforcement purposes. Third, it changed the U.S. Citizenship and Immigration Services regulation that made obtaining citizenship for children born in U.S. Moreover, several thousand Liberian immigrants with temporary protection from deportation are now qualified for lawful permanent resident status, according to legislation passed by Congress and signed by the president. Finally, Congress remained silent on the hundreds of other policy shifts.

Additionally, Bolter et al. argued that certain states and municipalities have continued to oppose the immigration policy of the administration, particularly enforcement initiatives. For example, in December 2019, New York State passed legislation that allows unauthorized immigrants to obtain driver's licenses and prohibits national immigration enforcement agencies from accessing the state Department of Motor Vehicles dataset. However, the law was later modified to allow for local information exchange. Finally, Washington State passed a bill in May 2019 banning the state and local law enforcement from enforcing immigration laws primarily to determine immigration status and restrict information exchange with federal officials.

Furthermore, on March 18, 2020, the U.S. Department of State, which is in charge of processing visa applications and issuing visa stamps to non-residents seeking entry to the U.S., announced that regular visa services would be suspended. Even though this action safeguarded consulate and embassy workers and tourists from catching Coronavirus, it also significantly limited the number of the delivered visas. Moreover, between February and March 2020, as worldwide travel began to dwindle, U.S. immigrant visa issuance overseas plummeted by 35 % and then decreased by 94% throughout March and April following the consulate reductions. Although the State Department allowed consulates and embassies to resume in July, they could

not achieve complete capability. Finally, by January 2021, one-third of diplomatic posts had yet to organize at least a single immigrant visa interview.

Besides, according to Bolter et al. (2022), the State Department is in charge of implementing travel and immigration limitations connected to the Coronavirus. This includes the prohibition on foreigners travelling from 31 nations, excepting U.S. permanent residents and nonemigrants on some temporary work visas during the presidency of Trump. In addition to that, the consulate closures and these limitations resulted in one of the worst periods of in-migration in recent times in the Fiscal Year. Consequently, the number of visa holders of immigrants overseas declined by 48% from the previous year, while the number of temporary visas issued decreased by 54%. Furthermore, individuals waiting for visa immigration had to wait longer to be allowed to move permanently to the U.S. Finally, most of those denied temporary visas were barred entirely from entering the country since their temporary work contracts had ended.

In conclusion, although later governments may be able to reverse most of these modifications, some cannot be undone. First, due to the rule-making obligations, specific rules may take months or even years to repeal. Second, court challenges to policy shifts may cause them to be delayed or thwarted, particularly in a federal judiciary to which Trump has elected more than 226 of the 816 justices (Gramlich, 2021). Furthermore, According to Bolter et al. (2022), others may overlook regimes that place less emphasis on immigration than Trump. Moreover, the Trump administration was likely the first to utilize the executive considerable immigration power branch. Despite the relative fragility of executive actions compared to legislative, the speed and breadth of Trump and his government's activity will certainly assure that some will have long-term consequences on the U.S. immigration policies even when his term ends. Finally, President Trump established a pattern for enacting far-reaching immigration reforms by unilateral action.

Conclusion

In conclusion, this chapter investigated the Trade Policy and Agreements during the period Trump was elected in several economic aspects. First, a brief definition was made for some of the essential key terms regarding the economic policies: Protectionism, Mercantilism, and The Immigration Hostility Policy. Second, it included a detailed study regarding the three previously mentioned economic policies. Finally, studying the hostility and economic policies of the United States is a crucial step in addressing the research questions.

CHAPTER THREE

Impact of Trump's Economic Policies on the U.S

Economy

Chapter Three: Impact of Trump’s Economic Policies on the US Economy

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Introduction

Having discussed the theoretical concepts framing this study and the previous empirical studies exploring the impact of Trump's economic policies, this chapter aims to analyse the implications these policies had on the U.S. economy. The chapter begins with an exploration of the theme: 'economic recession', which traces the influence of Trump's legacy on the economy of the United States, including tax cuts, job cuts, wages, and household rents. Then, it explores the implications of the economic policies implemented by Trump's administration on the labour market. Finally, it concludes by examining these policies' negative impact on international relations.

3.1 Economic Recession

The president Donald Trump ran the office as a wealthy businessman and a leader of the working-class people, boasting economic prowess and deal-making skills that Washington politicians lacked. He briefly identified himself as the greatest president God ever created for the United States during the campaign. Moreover, Trump stated on the campaign trail that he was laser-focused on bringing manufacturing and mining jobs back to America, renegotiating trade accords that resulted in employment being sent overseas, and limiting immigration. Furthermore, despite the numerous scandals and investigations that trailed him, he generally succeeded as GDP increased at a healthy rate and the stock market rose. In addition, unemployment rates fell to a half-century low until the coronavirus pandemic decimated the job market (Thorbecke, 2021). Finally, on the other hand, Trump is the first president since Herbert Hoover during the Great Depression to leave the office with fewer jobs than when he took office.

First, economists believe that the economic legacy of Trump will be characterised by his failure to lead during the COVID-19 pandemic, which impacted the financial crisis. These domestic policies overwhelmingly benefited the rich. Moreover, he failed to achieve his proclaimed goals of reducing the trade deficit with China and controlling the national debt by

attempting to implement economic policy through the so-called art of the deal. Finally, the president disregarded the mistakes learned by many economists over the last 50 years, such as the significance of Fed independence, the effects of large budget deficits on trade deficits, the value of multilateral institutions and more.

Unemployment Rates Under Obama and Trump

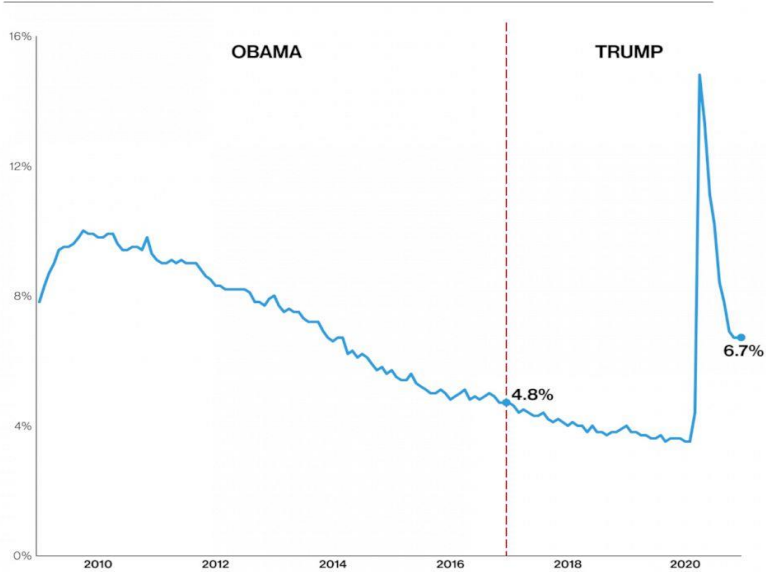


Figure 3.1. Unemployment Rates Under Obama and Trump (ABC News,2020).

Second, Trump inherited a booming economy from the Obama administration, which he maintained for the first three years of his presidency. While most wage growth of Americans was weak or flat under Obama, unemployment continued to fall, and GDP grew. Additionally, in February of the final year of Trump in office, the unemployment rate fell to a 50-year low of 3.5 per cent. Moreover, the coronavirus pandemic hit the economy hard, forcing many firms to close. Finally, according to figure 1, presented above, the unemployment rate rose to 14.7 per cent in April before decreasing to 6.7 per cent last month. It remains higher than the 4.8 per cent recorded when Trump took office in 2016.

Third, millions of jobs lost due to the epidemic are unlikely to be replaced anytime soon. Trump persistently moderated the importance of the pandemic as it raged in the United

States. Therefore, instead of controlling the virus, he focused on regenerating the economy, which resulted in many spikes in the infection, the most severe of which occurred as he was leaving office. Moreover, the absence of leadership during the health crisis was fatal – hundreds of Americans died every day – and economically catastrophic. On the other hand, other countries, such as China and South Korea, were more successful in restricting the virus. As a result, the Organization for Economic Cooperation and Development predicts that the Chinese GDP will rise by 1.8 per cent.

In comparison, Korean GDP will decline by only 1.1 per cent, far less than the 3.7 per cent drop expected for the United States. Also, the response of the Chinese Communist Party was noticeably stricter than that of many democratic countries, including the United States. Finally, the prediction of the GDP of the United States is in balance with the G20 countries, which are all expected to witness a 3.8 per cent drop in GDP.

Finally, Frankel cited multiple instances in which Trump actively undermined the procedures that we require, such as avoiding large groups, masks, and so on, as evidence that Trump was not taking the virus seriously as a policy concern. Moreover, according to Heidi Shierholz, a former chief economics expert, the utter lack of a coherent, appropriate response to COVID has harmed the economy. Finally, the economic collapse due to COVID-19 has worsened racial inequities and substantially hurt Black and Brown communities regarding health and job loss.

3.1.1 Tax Cut and Jobs Act, Deregulation, and National Debt

The communities of colour undertook the majority of the essential exertion during the crisis, putting themselves at risk of illness. For example, the unemployment rate for white workers was 6%, compared to 9.9% for Black workers and 9.3% for Hispanic workers. Moreover, according to the University of Chicago research, jobs that could be done from home

tended to require more excellent education and pay more. Therefore, the economy of Trump rewarded the rich at the expense of lower-paid service employees employed by hotels, restaurants, hairdressers, and other companies requiring face-to-face interaction by failing to control the virus successfully. Additionally, according to Simon Bowmaker, a clinical professor of economics, the economy would have still been in a pretty good position if it had not been for this pandemic.

Meanwhile, even before the virus exacerbated income disparity in the United States, some academics argue that the policies of Trump have benefited the rich while leaving the poor and middle class behind. For example, in December 2017, he signed the Tax Cuts and Jobs Act, which gave companies and wealthy individuals significant tax reductions. As a result, this strategy certainly enhanced inequality, with the vast majority of those tax cuts profiting the bossiness men. Finally, the system was implemented during a period when unemployment was low and the economy was performing effectively.

Regarding the coronavirus outbreak, the congress quickly passed a \$2.2 trillion rescue plan, which Trump signed into law. However, as the epidemic spread during the summer, legislators and the White House delayed their feet on additional aid for months until finally passing a second relief package at the end of 2020. As a result, Trump delayed signing the \$900 billion measure for nearly a week after Congress approved it, seeking larger direct payments to individuals and unrelated concessions. Moreover, some may argue that the corporation fee per unit was a little too expensive, according to NYU's Bowmaker, and would appreciate the tax cut. On the other hand, some can argue that there is a unit variety of rules in the financial system which are a bit strenuous to specific businesses. If you combine those two factors, the tax changes and liberalisation, and the removal of procedure, one can understand that it most likely did contribute to a lot of robust growth. Consequently, the spending hurt the national debt, which Trump promised in a 2016 interview that he would eliminate over eight years through trade

policy. Finally, Trump has increased the debt despite his goal, and the national debt has increased by more than \$7 trillion.

Finally, according to ProPublica and Washington Post research, the annual deficit growth of Trump is the third-largest of any other U.S. president when measured by the size of the economy. One of the most significant contributors to the deficits, according to the research, is the tax of Trump. Additionally, the trade imbalance expanded to the extent that increases in private sector savings did not cover budget shortfalls. Before the pandemic, Trump and his economic advisers stated that the tax reform contributed to the nation's economic boom at the time, which would be the greatest on record before the coronavirus recession started. Finally, the tax reform ended the poor strategy of America regarding penalising business investments, implying that workers will gain a more significant advantage if these investments succeed.

3.1.2 Trade War Disaster with China

According to Menzie Chinn, a professor of public affairs and economics at the University of Wisconsin, Madison, trade policy is where the president holds the most economic influence because Congress has transferred negotiating authority to the president's office. The trade war drama was tracked on Chinn's macroeconomic policy blog Econbrowser. On the other hand, Trump used this power almost immediately during his first years in office, something no president in recent times has done. Meanwhile, according to analysts and data on trade imbalances, the tit-for-tat trade battle between Trump with China was eventually lost by the U.S. Finally, their spectacular trade battle with Trump has upended decades of policy.

Firstly, Trump launched a trade war in early 2018, placing duties on all imported washing machines and solar panels. Moreover, he then proposed tariffs of 25% on steel imports and 10% on aluminium imports. Consequently, China imposed up to 25% on more than 100 American imports, including soybeans and aeroplanes. Finally, Chinn believes that the United

States is losing the trade war to the extent that the tariffs Trump imposed are raising the costs for items China imports from the rest of the world, causing customers and manufacturers to face more significant changes.

Secondly, in research made in 2019 by the Analytic of Moody, the trade war has cost the U.S. economy 300,000 jobs. Furthermore, according to a report issued by the Federal Reserve Bank of New York in May 2020, the trade war impacted U.S. investment growth by 0.3 percentage points by the end of 2019 and is anticipated to reduce investment growth by another 1.6 percentage points by 2020. Furthermore, according to the analysis, the trade conflict with China has cost U.S. companies \$1.7 trillion in stock value. Finally, according to Chinn, the capricious trade barriers, taxes, and spats Trump with the World Trade Organization have raised concerns.

In conclusion, Davis reached levels in 2019 that were twice as high as in the previous 35 years, resulting in the index quantifying press coverage and tax code provisions slated to expire in future years. Finally, companies were unsure whether they could import from China. Finally, this made planning and investing considerably more difficult for them.

3.1.3 Soaring Stock Market

During his campaign, Trump used every chance to trumpet stock market gains to prove a strong U.S. economy. Trump broke his post-election silence on November 24, 2020, by holding a minute-long news conference to praise the Dow Jones Industrial Average, which is currently trading at 30,000 points. Finally, the stock market has just surpassed 30,000 points, which has never been broken.

Furthermore, stock markets have risen tremendously despite the economy's decline, coming back quickly after a March drop to soar to record highs as Trump took office. As a result, the stock market and the bond market have spiked. Subsequently, the wealthy investors

who own the majority of it have profited. Moreover, the expansionary policy, such as the interest rate cuts and easier borrowing of the Fed, tries to inject money into the economy. As a result, during the administration of Trump, the Dow rose 56 per cent. Whereas, under Obama, it increased by 148 per cent, declined by 26.5 per cent under Bush, and increased by 229 per cent under Clinton. Finally, the previous presidents served two terms. As a result, the Dow rose 73.2 per cent during Obama's presidency, decreased 3.7 per cent during Bush's presidency, and soared 105.8 per cent during Clinton's presidency.

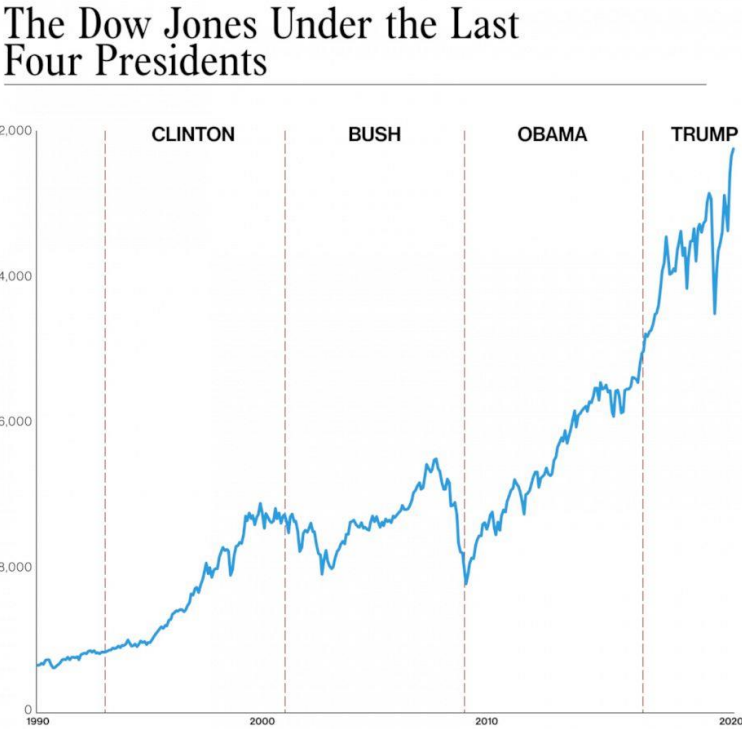


Figure 3.2. The Dow Jones under the last four presidents (ABC News,2020).

Finally, another issue with using the stock exchange as an economic measuring system is that a lot of it is closely held by the rich and middle- and low-wage workers U.N. agency does not own any market shares. Therefore, according to Federal Reserve data, the wealthiest individuals represent 10% of households owning 88% of total business equity and mutual fund shares in the third quarter of 2020, with the top 1% holding 53%. Finally, the stock market gains are unserviceable for most working-class and middle-class households.

3.1.4 Economic Hardship across the Country

Millions of civilians in the United States continue to struggle to attain their basic needs. The CARES Act's core supports buffered consumer spending and allows jobless employees to save a little money. However, after Republicans allowed the unemployment insurance supplement to expire in July and continued to prevent further help, these investments are nearly drained.

3.1.4.1 The Attempt of Civilians to Survive on a Fraction of their Prior Wage

In late October, more than 20 million Americans received unemployment aid. With the \$600 bonus expired, many workers struggle to make ends meet on less than 40% of their previous incomes. In addition to that, the expiration of further CARES Act U.I. programs at the end of the year also threatens to kick over 13 million people off U.I. completely.

3.1.4.2 Families Are Hungry

One in every seven households with children have been questioned in October reported having not enough food in the previous week. In addition, food insecurity was approximately twice as prevalent in Black and Hispanic households as in white homes.

3.1.4.3 Households are Struggling to Pay Rent

In early October, nearly one in every six adult renters was overdue on their payments. In addition, millions of people lost power, water, and gas as state moratoria on utility disconnection expired.

3.1.4.4 Poverty is increasing

Although the CARES Act immediately lifted 18 million individuals out of poverty in April, reducing the poverty rate compared to pre-pandemic levels, critical relief has ended, forcing 8 million Americans into poverty.

Having discussed the implications of the economic recession, now we move to discuss the impact of Trump's economic policies on the labour market.

3.2 Labor Market

The labour market is a critical problem in the U.S. economy since it is essential to its economic progress. As a result, it is necessary to explore the ups and downs of this force throughout Trump's presidency in this section. To begin with, it has been noted that Trump inherited a growing industry from the Obama administration, and they maintained to do so over his first three years in office. Whereas most Americans' income growth was weak or flat, unemployment remained low, and GDP grew as it had been under Obama. In February of Trump's final year in office, the jobless rate fell to a 50-year low of 3.5 per cent (Thorbecke, 2021). According to the Labour Department's monthly employment report, employers recruited 130,000 employees in August 2019. This is fewer than the 160,000 experts predicted, but it still implies that the economy is expanding. As more people joined the job force, the unemployment rate remained unchanged at 3.7 per cent, staying historically low. Excluding the African-Americans, all demographic groups had an increase in employment. Finally, 120,000 black employees quit the labour force between July and August 2019, resulting in the black unemployment rate decreasing to 5.5 per cent in August.

Regarding income, wage growth is another critical issue that should be considered when assessing the impact of Trump's economic policies on the U.S. labour market. In this vein, wage growth remained consistent, with average income climbing 3.2 per cent per hour over August 2018. Earnings have expanded more gradually since the end of the same year; however, pay has risen slightly quicker for those at the bottom of the occupational hierarchy, according to Ivanova

(2019). Finally, the following Figure represents the average income growth per hour for all workers and non-managers following the Great Recession.

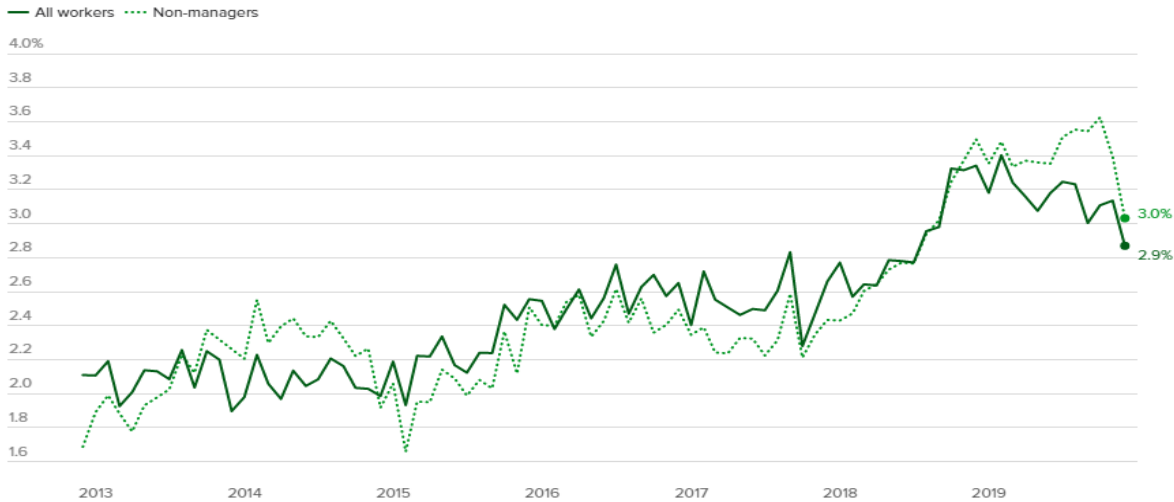


Figure 3.3. Income growth average hourly in the US (Ivanova, 2019, as cited in Bureau of Labour Statistics)

Furthermore, from the data in Figure 3, it is apparent that the wage rate had increased significantly from 2.2 per cent in 2018 to about 3.6 per cent in 2019 for non-managers and from around 2.3 per cent in 2018 to 3.4 per cent in 2019 for all workers. Moreover, Burns (2021) claimed that throughout the first three years of the election, Trump frequently mentioned the better employment market for African Americans in stump speeches, stating that no previous American president had accomplished as much to improve the situation of African Americans. In late 2019, the Black unemployment rate fell to 5.2 per cent, the lowest since the Labor Department started monitoring it. However, that was still about two points higher than the white level. By December 2019, Black employment rates in the United States had increased by 8.1 per cent since the departure of Democrat Barack Obama.

On the other hand, Whites saw 3.3 per cent employment growth during the same period. Besides, the Council of Economic Advisers (2019) added that labour and wages profits keep lifting individuals out of poverty and means-tested welfare programs, improving their self-reliance through financial activity whereas reducing their reliance on government projects that

help encourage people to work fewer hours or stop working altogether to be qualified. Between 2017 and 2018, the number of persons living in poverty fell by 1.4 million, with black and Hispanic poverty levels reaching new lows. Figure 4 depicts the story of enjoyment for black and white people throughout the presidency of Trump, which was much higher for black people before the coronavirus epidemic, which had a detrimental impact on the U.S. economy. Finally, the government of Trump is considered the third republican administration in succession to leave the office with a greater unemployment rate than when he took office, after President George W. Bush and President George H.

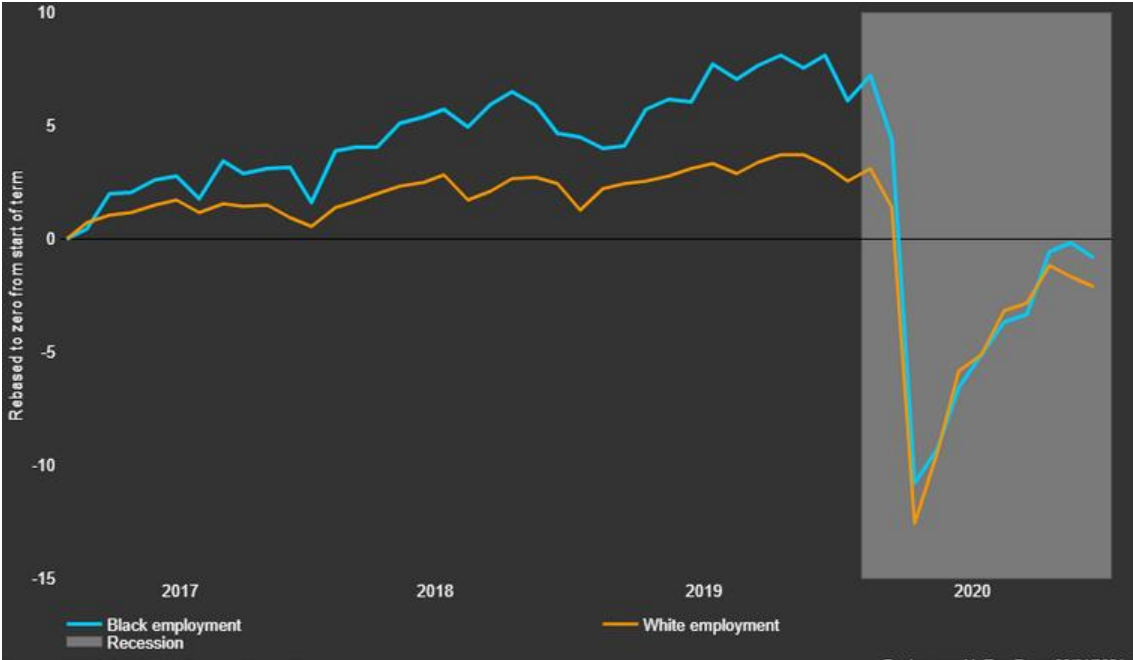


Figure 3.4. The employment market for black and white during the Trump Term (Burns, 2021, as cited in Bureau of Labor Statistics).

Moreover, even as the economy continues its record boom, the labour market in the United States remains solid. The Trump administration's tax cuts and the deregulation program have contributed to high labour demand and a growing supply. As unemployment falls to record lows, formerly underserved populations are beginning to reap significant advantages from increased job prospects and income increases. Increased labour-force incomes are lifting millions of families out of poverty and off public assistance, demonstrating how economic expansion

helps historically marginalised Americans more than new government services. Nevertheless, constraints like skill mismatches, regional mismatches, occupational licensing, troubled regions, past criminal convictions, childcare affordability, and drug addiction prohibit lower-income workers from reaping the full advantages of a vibrant labour force. Many people are unable to find work because of these limitations. The administration is working on enhancing worker training, reforming occupational licences, promoting private sector investment in deprived areas, assisting successful re-entry of ex-offenders, helping middle-class families access high-quality and affordable childcare, and mitigating the effects of the opioid crisis. Reforms in these sectors that are successful will assist in improving the economy by boosting the number and productivity of employees (Council of Economic Advisers, 2019). Finally, Trump may have made every attempt to strengthen the nation's economy by covering all employees regardless of race or socioeconomic class and focusing his strategy on ensuring that all American households enjoy solid and sustained economic growth.

Additionally, even though the employment rate of Trump has improved during his first three years in office, the spread of COVID-19 during his final year reversed all of his gains. The coronavirus epidemic quickly crippled the economy, forcing many firms to shut down all over the state. In other words, the virus and the surge of limitations on business and activity enacted to attempt to stop the virus's fast and fatal spread punctuated Trump's last year in administration with financial superlatives. The pandemic, which has already infected about 21.5 million Americans and killed over 365,000, has produced the fastest and darkest recession since World War II. In just two months, the unemployment rate jumped from 3.5 per cent in February 2020 to 14.8 per cent, putting almost 22 million people out of work. While it dropped to 6.7 per cent in December 2020, it is still two percentage points higher than when Trump was elected in 2016.

Additionally, COVID-19 caused the most severe hit to the services industry. Employment in the leisure and hospitality industries, in particular, has suffered as a result of steps to limit the spread of the virus, and the latest rise in cases has exacerbated the sector's agony. Finally, although 140,000 jobs were lost in general last month, roughly 500,000 have been lost in leisure and hospitality, with a total number of employees in the sector 18.5 per cent fewer than when Trump took office.

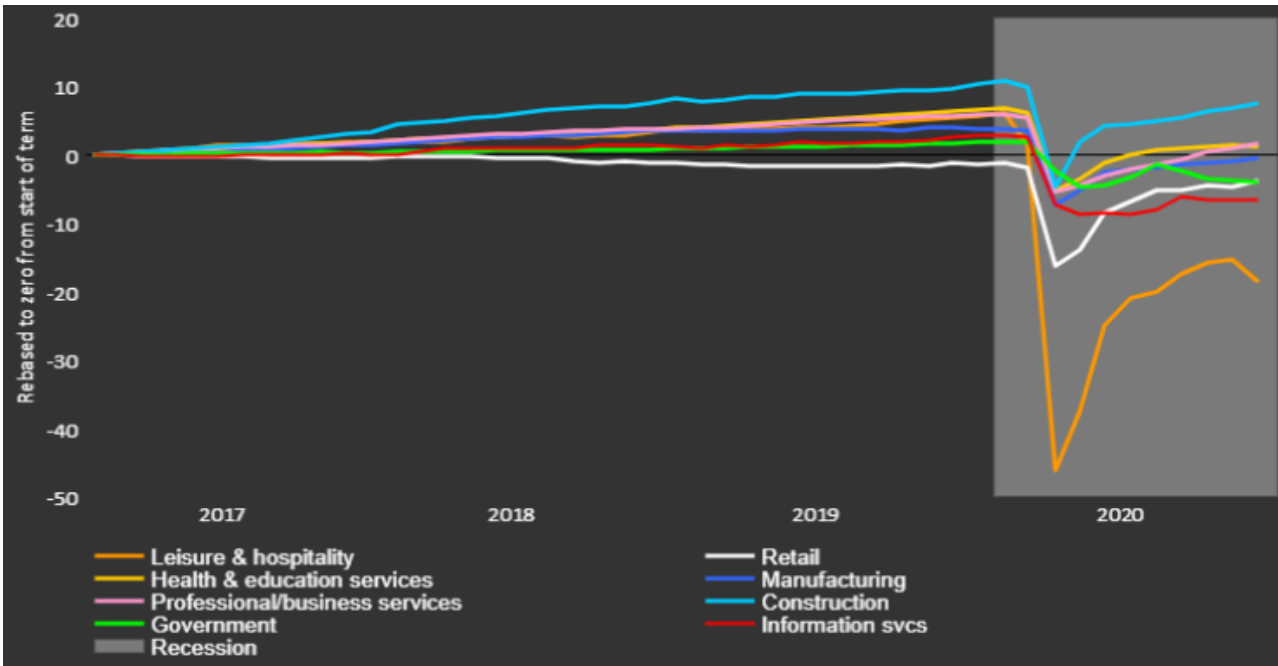


Figure 3.5. Labour market sectors during Trump term (Burns, 2021, as cited in Bureau of Labor Statistics).

In conclusion, according to the statistics in Figure 5, the leisure and hostility industry was the most negatively impacted by the spread of the disease in the Country. At the same time, the construction sector was the fewest affected compared to other industries. Overall, it can be highlighted that the labour force considerably improved for diverse populations around the Country during Trump's first three years in office. In addition, Trump's economic policies ensured that all Americans, including minorities, benefited from a stable economy. Finally, due to the coronavirus pandemic during the last year of Trump in the White House, this trend unexpectedly reversed.

3.3 International Relations

While running for the office of president, Donald Trump said that he believed the United States had been unfairly targeted or exploited by other countries, including some long-time allies. He also said that the United States had lost its respect in international relations under Obama's governance (Duignan, 2021). According to Deutsche Welle (2022), "America first" was Donald Trump's foreign policy mantra during the 2016 presidential campaign. However, just days before Trump's inauguration, it became more apparent that U.S. diplomacy must change course to keep pace with emerging global threats. Finally, the rise of nationalism and authoritarianism, the deterioration of democracy and freedom throughout the globe, and a more hostile foreign environment exacerbated these concerns.

In this regard, people worldwide were worried about what a Trump presidency might mean for the world. Commentators predicted that there would be significant changes in the institutions that the United States has contributed to and relied on for its influence and legitimacy if he followed through with his campaign pledges (Stimmer, 2016). Additionally, unpredictability and reneging on earlier international agreements, upending diplomatic traditions, accepting political and economic brinksmanship with most foes, and strengthening historical ties with friends were hallmarks of U.S. foreign policy under President Trump (2017–2021) (Wikipedia contributors, 2022). As shown in Figure 6, appended to appendix 1, the United States has withdrawn from several significant international agreements and treaties under the administration of Trump. This section will discuss a couple of cases and their implications on the U.S. economy. The two exemplary cases are the following: The Trans-pacific Partnership (TPP) withdrawal and the World Health Organisation (WHO). The following sections are devoted to exploring each case in detail.

3.3.1 The U.S. Withdrawal from the Trans-Pacific Partnership (TPP)

The Trans-Pacific Partnership (TPP), sometimes known as the Trans-Pacific Partnership Agreement, was a planned free trade pact that was signed on February 4, 2016, by the United States of America, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Then, in January 2017, shortly after being inaugurated as president, Donald Trump abruptly withdrew the United States from the Trans-Pacific Partnership (TPP). Trump, whose candidacy was predicated on the implementation of protectionist trade policies, has referred to the Trans-Pacific Partnership (TPP) as a "disaster" (Riley, 2017). Finally, experts stated that withdrawing from the TPP paved the way for China to rule the world's economy, leaving the U.S. in limbo.

Meanwhile, another expert provided commentary on the decision to withdraw from the TTP and how it better serves China. The senior fellow at the Council on Foreign Relations, Edward Alden, said, "Trump has single-handedly given away an enormous source of leverage over China" (as cited in Riley, 2017, para. 4). Finally, the withdrawal decision was seen as a colossal mistake that negatively impacted the United States economy. In this sense, China won and benefited from this decision, given the competitive atmosphere between both countries, according to the commentary provided.

In conclusion, besides the critics of the withdrawal, others have applauded the move. One example is the U.S. Senator Bernie Sanders, who said, "For the last 30 years, we have had a series of trade deals[...] which have cost us millions of decent-paying jobs and caused a 'race to the bottom' which has lowered wages for American workers." (Smith, 2017, para. 2). Finally, the supporters of Trump have also applauded the decision and saw it as a win for the United States.

3.1.2 The World Health Organization Withdrawal

A more recent move initiated and enacted by the Trump administration was the controversial withdrawal of the U.S. from the World Health Organization (WHO). In a report from Salaam-Blyther et al. (2020), they introduced the WHO as a specialised organisation of the United Nations (U.N.) that oversees and organises health initiatives within the U.N. system. In April 2020, President Trump indicated that the United States would cease paying the World Health Organization. Finally, in May 2020, he said the United States would "terminate" its connection with the organisation.

Moreover, according to a recent report that discussed the implications of this withdrawal, the authors noted that the WHO would have dire consequences for U.S. security, diplomacy, and influence (Gostin et al., 2020, p. 294). That said, Salaam-Blyther et al. (2020) stated that the implications of this withdrawal are still unclear. Finally, this might impact the U.S. in the following ways: the financial or organisational measures, if any, taken by WHO in reaction to the United States' withdrawal of involvement, leadership, and finance.

Finally, the amount and scope of extrabudgetary financing supplied to WHO by other nations or organisations might compensate for the loss of U.S. payments. However, one must note that these are only speculations. The real implication would be revealed in the future.

Conclusion

In conclusion, the analysis presented throughout this chapter has proved the hypothesis suggested earlier to be correct. In that, Trump's economic policies impacted the economy of the United States. As discussed earlier, the effect was positive in some areas and harmful in others. On the one hand, the labour market flourished during the first three years of Trump's era but declined significantly due to the Corona Virus crisis response. On the other

hand, international relations were disrupted during Trump's period due to his chaotic dealing with the U.S. global partners.

General Conclusion

This section provides a conclusion to the current dissertation. It begins with a summary of the aims and questions that guided this research and how it was conducted. Then, it moves to provide a summary of the main findings and address the questions posed at the beginning of the study. Finally, it concludes with the implication of these findings and the limitations of this work.

This study aims to provide an in-depth understanding of the numerous findings and insights of economic specialists regarding the impact of Trump's economic decisions on the US economy. In this sense, it aimed to investigate the impact of the economic policies made by Trump's administration on the U.S. economy. To achieve the latter, this study posed a few questions: (1) What are the economic policies that characterised Trump's era?; (2) What are the advantages and disadvantages of Trump's economic policies?; (3) How did Trump's economic policies influence the U.S. economy? A descriptive approach was employed to pose research questions. The analysis of the secondary data gathered for this study showed two main findings. In the next section, these findings are presented.

The first finding, discussed in chapter two, concerned the critical policies that characterised Trump's era. These were the protectionist policies that limited foreign trade with global partners. As discussed, this policy was introduced based on the premise of serving home businesses. However, the damage done by this policy was more significant than the benefit to the U.S. economy. Hostile immigration was also another example of the harmful policies that had a negative impact on the economy of the United States during Trump's presidency.

The second finding, discussed in chapter three, concerned the international economic policies implemented by Trump. A critical policy was the withdrawal of the United States from

significant international treaties and agreements such as the Trans-Pacific Partnership and the World Health Organisation. As discussed, the reckless decision implemented by Trump's administration has negatively impacted the United States economy and opened the door for the old rivalry (i.e., China) to dominate the global economy.

As explained throughout this dissertation, there is potential to this study and its contribution to literature. However, a few limitations have been faced while conducting this research. A significant limitation of this study is the lack of academic studies that have explored this topic. Hence, most of the data gathered to conduct our analysis were based on the body grey literature such as news reports and economic analysts' takes on the topic and mass media posts. Hence, our recommendation for future researchers and scholars is to continue conducting systematic academic studies.

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Appendices

Appendix A

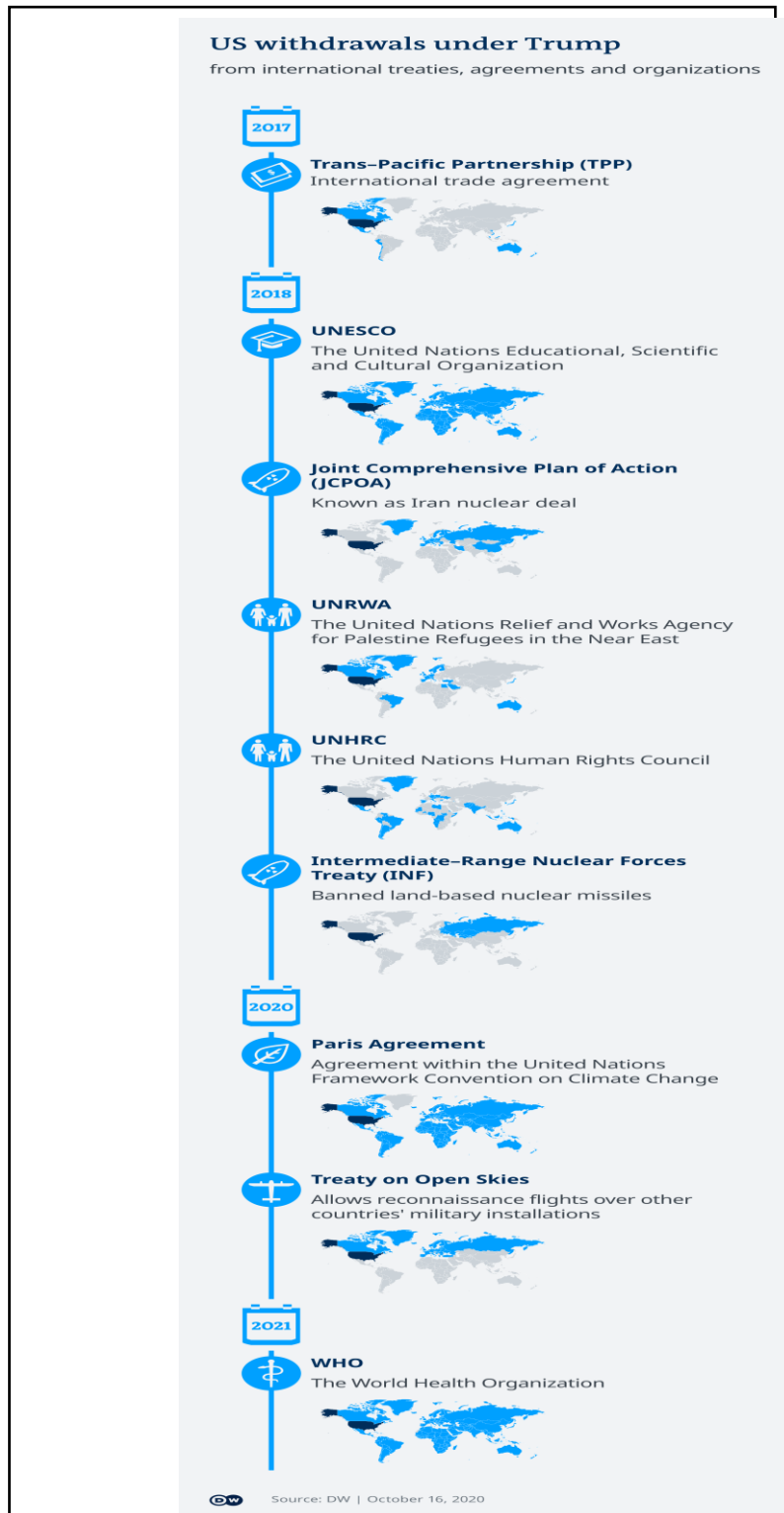


Figure 3.6. The United States Withdrawals from International agreements during Trump's era.

Glossary

WTO: Throughout this paper, the term WTO will refer to The World Trade Organization. It is a single international organisation that deals with international trade rules. Additionally, the WTO treaties are negotiated and signed by most of the world's trading nations and recognised by their parliaments. Accordingly, the aim is to aid suppliers of goods and services and exporters and importers with their business (WTO, 2022).

IMF: In this study, the acronym IMF will refer to The International Monetary Fund. The organisation comprises ninety nation institutions devoted to encouraging global financial stability and monetary cooperation. Also, it enables international commerce, fosters employment and long-term economic growth, for the reduction of the global challenge of poverty (IMF, 2022)

ICSID: The term ICSID will refer to The International Centre for Settlement of Investment Disputes. According to the overview provided on the official website of the ICSID, it was founded in 1966 by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ICSID Convention). Moreover, the Convention is a global contract created by the World Bank's Executive Directors to advance the Bank's mission of boosting international investment. In addition to that, the organisation is a neutral, depoliticised, and effective dispute-resolution mechanism. Therefore, its accessibility to investors and states benefits international investment promotion by establishing trust in the dispute settlement process. Finally, the International Centre for Settlement of Investment Disputes serves as an administrative register and a forum for state-to-state disputes under investment treaties and free trade agreements.

Protectionism: According to the encyclopaedia of Britannica, protectionism indicates a policy that distinguishes local industries from international competition by tariffs, subsidies, import quotas, and other barriers to the imports of foreign rivals. Although almost all mainstream

economists believe that free trade promotes the international economy, numerous nations have pursued protectionist policies, including the United States of America. Furthermore, protectionism is any country's calculated and deliberated policy to restrain imports while encouraging exporters. Finally, it is done purposefully to elevate the nation's economy above all other economies.

ملخص

أصبحت السياسات الاقتصادية للولايات المتحدة قضية متنازع عليها بشدة فيما يتعلق بالإمكانات والصعوبات التي تواجه الاقتصاد الأمريكي. عندما تولى ترامب منصبه ، أصبح تأثير هذه الإجراءات موضوعًا مثيرًا للجدل بشكل خاص. الغرض من هذا البحث هو دراسة تأثير السياسات الاقتصادية لإدارة ترامب على الاقتصاد الأمريكي. لتحقيق هذا الغرض ، تم استخدام نهج وصفي للتحقيق في كيفية تأثير هذه السياسات على الاقتصاد الأمريكي في جميع أنحاء إدارته. تضمنت البيانات التي تم جمعها لهذه الدراسة ولكنها اقتصرت على الخبراء الذين يتعاملون مع الموضوع والتقارير التي ناقشت الموضوع. تم تحليل هذه النتائج وتم الحصول على العديد من النتائج. وكشفت النتائج أن السياسات الاقتصادية التي تنفذها إدارة ترامب أثرت سلباً على اقتصاد الولايات المتحدة. ومن النتائج المهمة الأخرى أن هذا الضرر قد حدث على مستوى الهيمنة الدولية بسبب قرار ترامب المتهور بالانسحاب من الاتفاقيات الدولية مثل الشراكة عبر المحيط الهادئ. وضع الأخير التنافس مع الولايات المتحدة. الصين ، في وضع أفضل للسيطرة على الاقتصاد العالمي.

الكلمات المفتاحية: عصر ترامب ، السياسات الاقتصادية ، الاقتصاد الأمريكي.