Essay 2 Assignment This essay focuses on the role of government in managing a capitalist economy. You can choose between two applications of this broader concept. Option 1: Many have pointed to the Great Depression as strong evidence that market economies, if left on their own, will sometimes get stuck in periods of low growth and high unemployment. Others have claimed that the Great Depression was primarily a policy failure and that government attempts to fix business cycle downturns only delay the economy’s natural recovery. To what extent do you think the above viewpoints are valid? Was the Great Depression primarily a failure of markets or a failure of government? What does the Great Depression teach us about the role of government in dealing with business cycles? Option 2: Most economists agree that competition between firms in general produces outcomes that are beneficial for consumers. However, profit maximizing firms have incentive to drive out competitors and increase their market power to drive up prices. Should governments work to reduce monopoly power and push industries toward perfect competition? To what extent has United States history demonstrated the need for government action to reduce firms market power? Requirements: 1. Take a stand - your thesis statement must clearly comment on your view of government’s role in the economy in either of the two applications above. You do not have to strongly land on one side or the other. For example, you can argue that government has a role in responding to business cycles but the specific policies in the New Deal were not well designed or that the fiscal policy is not necessary but monetary policy is, etc. (these are just a couple examples). Most importantly, you must have a consistent position that you argue throughout the essay 2. Your essay must demonstrate understanding of both sides of the issue and contextualize the debate both historically and theoretically. Although you need to argue your own point of view, it should also be clear that you understand arguments of people who disagree with you. 3. You should use some of the concepts and sources we have talked about in class, but your essay must reference at least two sources other than those cited in the slides or posted on Bruin Learn. For this essay, pure data sources will not count towards the two (although can definitely still be used as additional evidence for your argument). I want to make sure you do some research to see what some other people have thought about these issues. 4. For either question, stick to historical evidence as much as possible. For example, in the Great Depression question do not talk about the Great Recession or Covid and in the market power question do not talk about Google and Amazon. You can (and should) talk about more general theoretical justifications in either case, but I want the focus of the examples in the essay to be primarily on historical events in the United States. Try to focus on examples before 1950. 5. Minimum 3 pages (12 point font, double spaced), maximum 4 pages