

THE OPTIMAL BUNDLE.

THE PENN STATE ECONOMICS ASSOCIATION PRESENTS:
THE OPTIMAL BUNDLE

Editor: Steve Leonard
Contributors: Bill Ervin, Fatih Koc, Steve Leonard, Eleanor Tsai
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Separation Anxiety in Spain

Catalonia's regional parliament has voted by a narrow margin to begin a process of "democratic disconnection" from Spain, generating significant economic uncertainty. Catalans have complained for centuries about the lack of recognition for their distinct identity and are emboldened to secede by their more developed economy. The proposal has raised tensions in the debt-burdened nation as economic prospects of an independent Catalonia have added fire to historic passions in this wealthier region. This has set regional lawmakers on a collision course with Spanish courts, which will likely declare the moves by the region unconstitutional. The decision in Catalonia, including measures to create social security and tax collection institutions, could cause serious problems for what remains of Spain and the European Union if it is upheld. The realization of an independent Catalonia exposes several issues such as the partitioning of Spanish debt, Spain's status as the Eurozone's fourth largest economy, and Catalonia's status with the EU, given that Spain could potentially block membership. – FK

Upcoming Events

302 study session next Wednesday the 11th in 001 Sparks at 7:00 PM

STATA session next Wednesday the 18th

Third Fundraising Outreach & Canning Weekend has been cancelled so we need to do a lot with THONvelopes.

Mentee application due November 17 at 11.55 PM

Grad Panel moved to December 2nd more details to come!

Obama Says No to Keystone XL

After seven years of debate, President Barack Obama has finally rejected the application to construct the Keystone XL Pipeline. This pipeline, which would have been 1,179 miles long and stretched from Alberta, Canada to Steele City, Nebraska, would have incentivized dangerous drilling practices in the tar sands region of Alberta. Obama cited several reasons why the costs outweigh the benefits. He stated it wouldn't lower petroleum prices, it wouldn't create long-term jobs, and it would severely affect American energy dependence by the additional flow of 800,000 barrels of Canadian oil to the US per day. Modern technology has allowed society to begin utilizing renewable energy sources to provide energy for its people's everyday lives, and as such, installing the pipeline would only be a step back in the war against climate change. The United States and the rest of the world should continue to invest in renewable energy resources, rather than contribute to the growing amount of greenhouse gases. – BE



Proposition F(ail)



San Francisco recently voted down a proposition that would put a serious damper on businesses such as Airbnb, whose goal is to connect property owners with those looking for short-term rental units. Proposition F, or the Airbnb proposition, wanted to restrict

these properties to being rented out for 75 days per year. Even though Airbnb’s business model seems harmless and simple, the supporters of proposition F claim that property owners are driving out less affluent citizens by reducing the number of long-term housing units available. Basically, the business presents an incentive for individuals to purchase property without the intent to live in it, but rather to simply rent it out.

While San Francisco is only one city, the vote sets a precedent for countless others across the country as many are struggling with similar housing problems. Even our very own State College has come across a similar problem with short-term rentals, specifically during the football

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season. 51 rental properties were observed this year, up from 24 one year ago. And while State College seems to have no problem with housing availability, prices for short-term rentals can be ludicrous on event weekends. For example, hotel rooms at the Hilton Garden Inn (which isn’t even downtown – it’s on East College Avenue) during homecoming weekend were \$500 a night with a two-night minimum. Similarly, hotel rooms in San



Francisco are expensive. Priconomics reports that the average San Francisco hotel room costs \$229 a night, while an Airbnb room only costs \$100. Businesses like Airbnb provide people an easy way to avoid sky-high costs.

However, what these cities see as a problem is actually a solution to expensive short-term rental properties. If the effort to restrict these short-term rentals is aimed at keeping housing available and affordable for less affluent citizens, then lawmakers should attack the problem rather than the solution. They should propose legislation to keep hotel room prices within reason before taking any action on businesses like Airbnb that are just trying to help travelers out. – SL

David Cameron’s EU Wishlist

On Tuesday, British Prime Minister David Cameron will send a letter to the President of the European Council to seek a renegotiation of Britain’s position in the European Union. The letter, containing broad demands for reform, will lend a bit more credibility to the threat of a British exit following its referendum on EU membership, set to be held within two years. Although Britain is not in the Eurozone, it is among the strongest economies in the

region, and has long debated the benefits of remaining part of an institution that seems increasingly weighed down by the problems of debtors like Greece and Portugal. As a result, Cameron’s demands will include formal acceptance of currencies other than the euro, giving non-euro countries more bargaining power in votes, and an exemption from “ever closer union” with the other countries. European leaders hope Britain stays in, and are prepared to make concessions on these fronts. However, the changes are unlikely to placate “Euroskeptics” at home, meaning despite his

efforts, Cameron will be forced to walk a tightrope between domestic and international interests. – ET



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education.psuea@psu.edu