

THE OPTIMAL BUNDLE

THE PENN STATE ECONOMICS ASSOCIATION PRESENTS:
THE OPTIMAL BUNDLE

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SPECIAL REPORT ON THE POLITICS OF THE NFL

How the Other Half Lives

What could be dragging the U.S. economy down? The increasing disparity between middle and upper-tier home prices makes a strong case. Trulia, a real estate tracker, values middle-tier, single-family homes at a median price of \$267,845, while upper-tier, single-family homes are valued at a median price of \$542,805. This gap creates a tricky scenario for owners of middle-tier homes looking to sell and move up, as it's becoming much harder for them to use the equity they have in their current home to purchase an upper-tier home. Consequently, there are few middle-tier homes on the market, which means that lower-tier homeowners are having difficulty purchasing middle-tier homes. This means there are also few lower-tier homes on the market. With so few lower-tier homes on the market, their values are increasing and causing more stagnation. The ripple effect of the stagnant housing market could slow down the U.S. economy in the future, a future that already looks very shaky for the world economy. — JN



A Primary Concern about Elections



People are justified to question the relevancy and adequacy of presidential elections in their state; the way an individual state manages the voting process could play a key role in the election outcome. While current politics and voter accessibility are influential, the determination of whether to adopt a state primary or a caucus voting method depends on cost. Arizona currently pays \$6 million for its presidential primary, despite the majority of its residents registered as independent voters. Thus, most of its taxpayers are paying

for an election they cannot take part in without joining parties. Some states, like Utah, prefer using the caucus method of voting because it is usually paid for by the political parties. Others feel this inhibits voters from participating, as its open discussions are crowded, daunting, and polarized. Holding presidential primary elections at the same time as other state elections would decrease facilitation costs and increase voter turnout. This route may be the best for states to consider in the next presidential election. — JH

Updates:

Coordinator Applications due April 5th
Economics Pennsylvania: The Brief Case, case competition and scholarship, Saturday April 2 from 8-5pm
Alumni Mentor Program, applications due March 29th at 11:59 PM

Fear the Precedent: How the NFL Might Change Politics Forever



HB 757, the 'Religious Liberty Law', is a new bill in Georgia that would allow churches and pastors to refuse performing same-sex marriages, as well as permit religious organizations to fire employees if the two parties' religious beliefs do not align. Currently, the bill has passed both houses of the Georgia state legislature, and it holds enough support to override a potential veto by Georgia Governor Nathan Deal.

On Friday, March 18th, the NFL stated that if the bill passed, Atlanta could miss out on an opportunity to host the Super Bowl during the 2019, 2020, or 2021 seasons. NFL spokesman Brian McCarthy said, "NFL policies emphasize tolerance and inclusiveness, and prohibit discrimination based on age, gender, race, religion, sexual orientation, or any other improper standard. Whether the laws and regulations of a state and local community are consistent with these policies would be one of many factors NFL owners may use to evaluate potential Super Bowl host sites." When selecting host cities for the Super Bowl, the NFL typically favors cities that build new stadiums. With its new Mercedes-Benz Stadium under construction and opening in 2017, Atlanta would have been a competitive candidate. However, now that the NFL has raised objections to HB 757, Atlanta's opportunity to host is more of a toss-up.

"Arizona brought in \$719.4M by hosting the 2016 Super Bowl"

Organizations like the NFL should not become directly involved in politics by turning financial decisions into ideological ones. In this case, the NFL is holding a significant source of economic output and revenue over the head of the entire state of Georgia (Arizona brought in \$719.4M by hosting the 2016 Super Bowl), complicating Georgia's ability to make an objective, democratic decision regarding HB 757. A dangerous precedent is set when an organization with the proper



leverage has more say in state law than the citizens who elected the state legislators in the first place. Corporate campaign contributions, while similar, do not influence the policymaking process by directly threatening entire states with decreased economic output, as is the case here. The only time a business should be able to justify making its presence conditional on local law is when the law has an immediate impact on its profitability – like tax laws, for example.

If the NFL's threat sways Georgia's decision regarding HB 757, I fear other large organizations will also begin to see their economic clout as an instrument for effecting political change that conforms to their beliefs. While I agree with the NFL's mission to create an environment of inclusiveness, and I certainly feel that citizens should have the right to be married where they wish, this action sets a dangerous precedent for the future – one that shows businesses can exert political influence far beyond the laws that affect their profits. – SL by the dual mandate. - MB

Fed Uninterested in Raising Interest Rate

A few short months ago, many thought the Federal Funds Rate would have increased by April, but the Federal Open Market Committee had different plans. Economists originally predicted that the Federal Reserve would raise the rate, which is currently set between 0.25% and 0.50%, at the most recent meeting. However, foreign market weaknesses—reflected in the European Central Bank's decision to instate a negative interest rate—compelled the Fed to temporarily delay the gradual increase away from the zero bound of the Great Recession era. Those weaknesses are not predicted to delay the increase in upcoming meetings because of relative strengths of the domestic labor market and inflation rate. Consequently, the Fed is expected to raise the rate at least two more times this year. In the long term, the FOMC is seeking to use the benchmark interest rate to reach its target of a 2% annual inflation rate.

— BF

