

THE

OPTIMAL

BUNDLE

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THE OPTIMAL BUNDLE

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Stumpf Gets Stumped



Wells Fargo has taken another step toward avoiding punishment as their now former leader resigned on October 12th. CEO John Stumpf left his position after the Consumer Financial Protection Bureau recently discovered that the bank had “created up to 2 million bogus accounts, without customers’ permission, in order to meet aggressive sales targets.” Stumpf received an estimated \$24 million in compensation with his retirement package. Still, questions remain on the efficacy of punishment for expensive white-collar crime. For instance, the \$185 million penalty imposed on Wells Fargo for this scandal is a mere pittance compared to the bank’s \$1.3 trillion total value. Moreover, Stumpf and other executives—or even lower-level employees who conducted the fraudulent activities—will likely not face criminal charges for permitting the aggressive tactics. Will leniency continue to be granted to these massive wrong-doing corporations? Should the Consumer Financial Protection Bureau continue to meet its policy goals, perhaps not. — AC

Sources: <http://econ.st/2f1O6yy>, <http://bit.ly/2dEa5h5>

Facebook: Procrastination or Productivity?

You probably already used Facebook at work. Now you have the opportunity to use Facebook for work. On October 10th, engineers at the social media behemoth launched Facebook Workplace. Workplace is set up similar to the traditional Facebook because, of course,

everyone knows how to use Facebook. However, it is designed to run as an internal professional social network for large companies. Unlike traditional Facebook accounts, employers must pay a fee of \$1 to \$3 per user, except for educational organizations and nonprofits, which will be exempted from the fee. Over one thousand companies had tested a beta version for free, but now they must pay up. The idea for Facebook Workplace came from a similar network that Facebook had created for its own employees: Workplace profiles are separate from personal ones, which keeps employees’ personal expressions to themselves and gives employers a professional platform for collaboration. Hopefully Facebook Workplace introduces a layer of privacy between employee and employer, but in the meantime, we still don’t recommend you make those photos from Homecoming weekend public. — PS
Sources: <http://bit.ly/2dP6TRF>

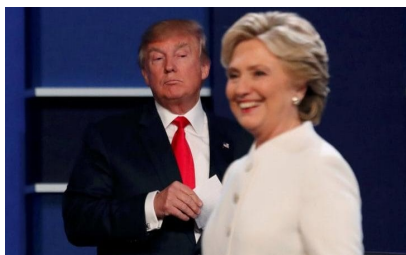


Announcements

- Re-watch past Business and Social Education presentations on EA’s YouTube channel here: <http://bit.ly/1M66gRw>
- The Smeal College of Business will be hosting an MBA Info Session for Non-Business Majors on Wednesday, November 2nd. Find more information here: <http://bit.ly/2ezuObU>
- Follow EA on Instagram: [@psuea](https://www.instagram.com/psuea)
- Good luck to our THON canners this weekend! EA is FTK!

Is Patience Key?

OP-ED As November 8th approaches, the presidential candidates are in the final stages of their campaigns. Both Donald Trump and Hillary Clinton have presented policies about how they want our economy to progress. On one side, we have Trump, who has proposed tax cuts and decreased government spending coupled with stricter trade regulations. To the contrary, Clinton has proposed tax increases to accompany increased spending on infrastructure, innovation, and education.



A study conducted by the Penn Wharton Budget Model has shown the true difference between these two economic plans. By implementing her ideas, Clinton's plan is expected to reduce GDP in 2018 by

0.19%. However, GDP is expected to increase by 0.4% above current-condition growth projections by 2027. A 4% hike in taxes will fund her increased spending. This progressive tax plan would give relief to many middle class families while adding taxes to the top percentage of the population. While taxes are vehemently disliked, the increases will make the economy more vibrant in the long run compared to Trump's plan, which mainly deals with the short run.

By lowering taxes, Trump intends to incentivize participation in the job market. The GOP nominee thinks that earning more money for the same amount of time worked will lead to a stimulus in the economy, but the income effect may actually lead workers to put fewer hours in.

GDP would increase by 1.12% by 2018 with up to 700,000 new jobs, but that's simply looking at the short run. Yes, the economy would grow at a faster pace for a short period of time, but soon after it could take a turn for the worse. In the long run, Trump's plan is expected to negatively impact economic conditions, as the model has predicted that by 2027, GDP will likely be 0.43% below expected growth.

While Clinton's proposed plan might not be as enticing in the short run, it could pay off big league in the future. Trump, on the other hand, could "yugely" stimulate our economy now. However, there could be quite a mess to clean up after his term ends. The outcome of this election could influence the direction the country's economy for the rest of the century. Come November, Americans will have to decide between short and long run economic stability. — MW

Sources: <http://on.wsj.com/2ebEOpO>

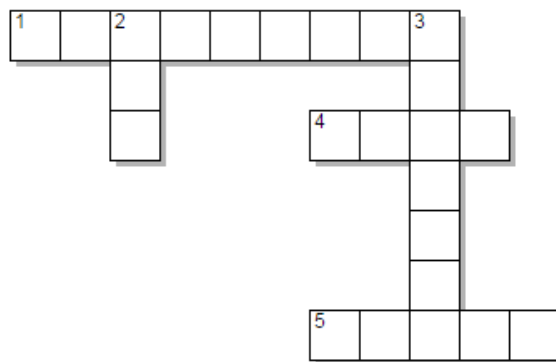
Are Nobel Prizes Noble?

OP-ED The Nobel Prize in Economics is particularly powerful in politics. After winning the award, a recipient can get the ear of many politicians and they will bend for you upon hearing your supposed gospel. It is possibly one of the most politically-charged Nobel Prizes next to the Peace Prize, particularly due to the fact that it isn't an original Nobel Prize and rather a concoction of the Bank of Sweden.

Friedrich Hayek himself, who won the prize in 1974 for his work on the theory of money, was not a big fan of the award. He felt that if asked during the planning stages, he would have opposed its creation. Hayek's opposition stemmed from the belief that the prize would provide a few individuals influence that would be dangerous as others that could provide needed opposition would be swept away before analysis even started.

Without opposing and critical ideas, research may not be thorough enough to completely understand the subject at hand. Ironically, a prize that was meant to recognize significant works in economic research has itself become a determiner of influence. That should be recognized before we treat Nobel economics laureates like nobles. — HL

The Bird is the Crossword



ACROSS

- 1 What did Mick Jagger study?
- 4 Where is the Economics department headquartered?
- 5 What's the best Education committee?

DOWN

- 2 What's the worst football team ever?
- 3 Who serves as EA's president?