

THE

OPTIMAL

BUNDLE



THE PENN STATE ECONOMICS ASSOCIATION
THE OPTIMAL BUNDLE

Editor: Bronson Ford

Contributors: Pete Scharf, Anthony Campano,
Henry Lin, Matt Winiarski, Nicolas Guerrero

November 1, 2016

Fall 2016: Volume 24

optimalbundle.org

psuea.org

SPECIAL EDITION ON THE ELECTION

Johnson Third-Wheels Clinton and Trump



The Economist's favorability rating—the difference in the percentage of people who approve and disapprove of a candidate—has Hillary Clinton as the second least favorable candidate in the last sixteen years. This would assure her opponent's victory had her opponent, Donald Trump, not been the most hated candidate. Given that these two candidates are so unpopular, it is no surprise many voters are looking for a third-party option. Gary Johnson, the Libertarian nominee, is polling at around 7%. While third-party candidates typically don't fare well against mainstream nominees, Johnson beat Trump taking second in the National Association for Business Economics member poll. His views on reducing regulation, lowering taxes, and drawing back the drug war have gained the approval of many economists. However, some economists have expressed skepticism about Johnson's goals to end the income tax and replace it with a 28% sales tax. The Green Party candidate Jill Stein, who is polling around 3%, has some unorthodox economic views as well. Ideas such as a \$15 minimum wage, establishing a right to work such a job, making the Federal Reserve a democratic public bank, and using monetary policy to cancel student debt (we're not sure how this would work, either) have been met with disapproval. Although a third-party vote is a fresh option, it may not be the optimal one. — PS Sources: econ.st/29p4Kru

Fueling the Fire

Clad in red and universally lovable, undecided voter Ken Bone's question at the second debate has empowered a new debate on energy policy. With the U.S. being less dependent on foreign energy than ever before, both presidential candidates must develop a sustainable long-term plan that balances economic growth and environmental protection. Lower demand for coal has not just resulted in the bankruptcy of coal giant Peabody, but has also caused unemployment for thousands of key blue-collar voters from West Virginia to Ohio. Democrat Hillary Clinton has advocated for investing in green energy innovations that lower dependence of traditional fossil fuels. While this position has hurt her polls among coal miners in West Virginia and Pennsylvania, her plan could incentivize renewable energy technologies and assist those displaced in the coal industry. Donald Trump, along with most of the GOP, has advocated not just maintaining the coal mines, but even reopening old ones. With lower dependence on coal and new ventures in hydraulic fracturing, Trump's plan would go against the laws of supply and demand. Thomas Kinnaman, an economics professor at Bucknell University, has alluded that measuring drilling's impact on GDP, wages, and jobs is not as easy as the GOP nominee suggests, as the models supporting Trump's ideas are outdated and now used for hypotheticals. Trump's plans for a resurgence in conventional energy use has rallied voters in states where coal and oil production takes place. As these blue-collar workers become increasingly frustrated and conservative, Trump's rambling populist rhetoric may only serve to energize his base. — NG Sources: cnb.cx/2dekOEg



Announcements

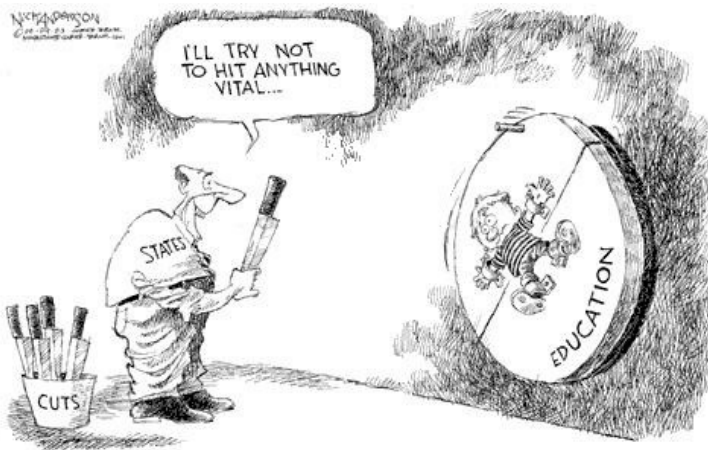
- The polls are open from 7 a.m. to 8 p.m. next Tuesday. Find your polling place here: bit.ly/1qfQGHP

We Don't Need No Education

OP-ED If you're a California high school student, it is nearly impossible to get into a top tier public university. Much to the disgust of many California taxpayers, your chances of gaining admission may be better if you're an out of state student.

Four years ago, the California legislature began debating bills that would make students from outside California ineligible for state financial aid, unless if they were of exceptional talent, such as athletes and savants, along with making it impossible to gain residency status.

With virtually all public higher education establishments starved of tax money, it is not surprising that these universities feel the need to make up the deficit with out of state student revenue to fill the shortfall. However, doing so may only serve to deepen the cuts to their funding in the future.



This is indicative of overarching trends in education policy today. A record 20.5 million Americans are now attending college, which continues to increase. Additionally, those budgets are shrinking each year as states steadily decrease funding for public universities. To quote Trump, it is "sad" that education as a public issue has received half as much attention as Trump's mannerisms during this election cycle.

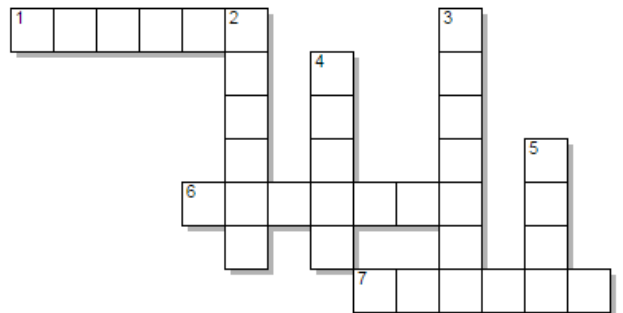
— HL Sources: bit.ly/RnNU3N, bit.ly/1EeS40o

Unhealthy Campaign for new Healthcare

Whoever is inaugurated on January 20th next year will have a unique and challenging task on healthcare issues. The Affordable Care Act has caused the amount of uninsured Americans to fall to a record low 8.6%. However, analysts estimate that almost 25 million people will lack insurance by 2018, which is no change from today. On the Democratic side, Hillary Clinton would "stay the course." Nonetheless, she does plan on making a number of revisions. One of her proposals is to give Medicare the power to directly negotiate prices with the pharmaceutical industry. Moreover, Clinton plans to reform the healthcare law to include a public option, which would be a government-run insurance program. Donald Trump, to the contrary, plans to repeal Obamacare as a whole, saying that "Obamacare is a disaster. It's--nobody has ever seen numbers like this for healthcare. It's only getting worse." Despite this, he agrees on giving Medicare newfound powers when it comes to negotiating prices with Big Pharma. A study by RAND reports that both candidates' plans would cause the federal deficit to skyrocket by \$5.8 billion to \$88.5 billion, which is an issue that receiving more attention as it continues to balloon. Whether its President Clinton or Trump, expect another raucous debate on healthcare over the next four years. — AC

Sources: cnmmon.ie/2cXDCVI, to.pbs.org/2egipan

Don't Cross the Campaign's Path



ACROSS

- 1 What football team did Penn State destroy this weekend?
- 6 Nate Silver predicts this candidate will win next week.
- 7 Who recently pledged to keep serving as the governor of the Bank of England?

DOWN

- 2 What is the bane of the Clinton campaign's existence?
- 3 Who got pied first last week for Toys for Tots?
- 4 What does Donald Trump hate?
- 5 Healthcare premiums on Affordable Care Act marketplaces are expected to do what for next year?

PSUEA Presidential Election

- We're simulating the upcoming presidential election!
- Scan the QR code at right or go to bit.ly/2fseB8n to vote
- Results will be revealed at next week's meeting!

