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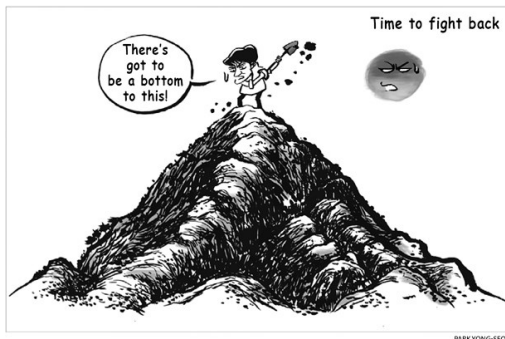
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Chaebol Shocked

Exploding cell phones seems to be the least of Samsung's leader Lee Jae-yong's problems. Last



week, Lee was arrested on the counts of suspicion of bribery, embezzlement, perjury, moving assets abroad illegally, and concealing evidence of criminal profit. The arrest was made in connection with an ongoing bribery investigation. Prosecutors argue that Samsung gave around \$36 million USD to various organizations affiliated with South Korean President Park Geun-hye, whose power is currently suspended pending impeachment. The bribes are alleged to have been placed to allow a merger and to gain the favor of the president.

Last month, prosecutors attempted to obtain an arrest warrant but could not provide sufficient evidence. However, a special prosecutor brought forth evidence this week which courts deemed sufficient. This all occurs in a climate of turmoil in the South Korean business world. Accusations of bribery and corruption wrinkle through chaebols, a South Korean type of corporate conglomerate, with executives from Samsung, Hyundai, SK, and Lotte all facing accusations. Chaebols have historically been on cozy terms—for instance, former President Lee Myung-Bak once pardoned Samsung former leader Lee Kun-Hee for tax evasion—with the South Korean government, but these recent charges could change the business landscape. Although Lee Jae-yong's father was able to receive two presidential pardons for tax evasion and bribery, the current vice chairman may be in the wrong place at the long time. — PS

Sources: econ.st/2m4T1cA

A Betting Chance



In an effort to transform the economy of Saudi Arabia, the state-owned oil giant Saudi Aramco is exploring its opportunities for going ahead with its partial privatization. Set for completion by 2019, the privatization will be led by Prince Mohammad bin Salman Al Saud. On Monday, the Kingdom announced that it is favoring New York as the exchange where it plans to list the company, with London and Toronto as possible floating options. With an expected value of \$2 trillion, the IPO would become the largest in history.

At 260 billion barrels per year, Saudi Aramco has the largest oil reserves and highest volume of daily production in the world. According to Swiss financial firm UBS, the much expected IPO is likely to bring meaningful-impact for the greater Middle East by deconcentrating wealth from the region's oil business. Transparency and governance standards will gradually improve and markets will gradually open up, enhancing stability for the long-run state of the Kingdom while diversifying its economy. — NG

Sources: bloom.bg/2IRDlpQ, reut.rs/2IJ3bPH

Announcements

- Interested in writing a guest post on our blog? Send Bronson an email at bx5106@psu.edu
- Double majoring in arts and smarts? *The Optimal Bundle* is looking for custom-made cartoons to accompany our pieces. Send Bronson an email to coordinate for future volumes

Trump Lies and Defies Media Again

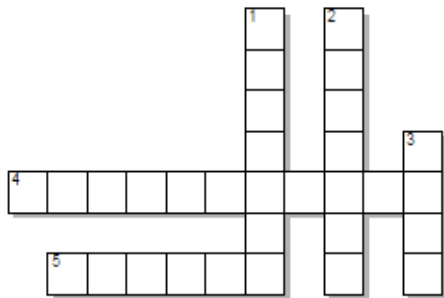
On Saturday, President Donald Trump made a puzzling remark about an attack on Sweden that had never actually happened. During his speech in Florida, he stated, "You look at what's happening last night in Sweden" in reference to a massacre allegedly orchestrated by terrorists that had immigrated to the Scandinavian country. Swedish authorities reported that they were not aware of any such incident that night.

This comment drew much criticism from the media and public on social media. On Sunday, the former Swedish prime minister tweeted, "Sweden? Terror attack? What has he been smoking? Questions abound."

Trump further mischaracterized Sweden as having a "failing" economy and being plagued with crime because of immigration. *The New York Times* disputed Trump's accusation, reporting that "no significant increase in crimes from 2015, when the country processed a record 163,000 asylum applications, to 2016." In addition, Sweden's economic indicators have remained steady over the past seven years, with Sweden's GDP now above pre-recession levels. This incident once again demonstrates that the American president actively disregards facts in favor of political showmanship. — AC

Sources: nyti.ms/2IDWCO1, wapo.st/2l4BRYB

What's the Word?



ACROSS

- 4 Which country's state-owned oil company is moving forward with privatization?
- 5 Which country recently suffered a non-existent terrorist attack?

DOWN

- 1 Kudos to this Research Coordinator for dancing 48 hours in THON!
- 2 A type of conglomerate that is family-owned and originated in South Korea
- 3 Congratulations to Eleanor for gaining admission to grad school at this university!

You Have Fake Deficits

OP-ED Keeping with the president's anti-trade campaign pledges, the Trump Administration recently directed the Commerce Department and the Office of the U.S. Trade Representative to reshape the way trade data is represented. More specifically, the Administration is seeking to implement a method that excludes re-exports.

Re-exporting occurs when a good is imported, but soon after is re-shipped to another country. The good has never been sold in the U.S. because it was en route to another destination, and aside from shipping costs there is no gain to the U.S. from the transaction. When re-export numbers are not accounted for, there can be significant misrepresentations of data that, if left for long enough, could cause problems for the US economy.



Whether or not one agrees with the new administration's policies, this idea is clearly flawed because it may cause the appearance of 'fake deficits.' Taking re-exports out seems small, but if it were to be enacted to calculate a country like the United States' deficits there would be millions in exaggerated capital.

Trump may continue to pursue this as he has so actively done for other causes, but this does not seem like a battle he will win. Exaggerating deficits in this case would be viewed as a power move to political gain consequently increasing international tensions. More information will continue to become available as the situation plays out, but for the moment the anti re-exporting movement is in its early stages. — MW

Sources: on.wsj.com/2m1MrDV



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