

THE

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SPECIAL EDITION ON INTERNATIONAL TRADE FOR THE GREAT DEBATE

The Economic Future Not Taken

The future of European trade lies at a fork in the road. In one direction, it can follow Geert Wilders in The Netherlands, Marine Le Pen in France, Nigel Farage in Britain, Frauke Petry in Germany, and, across the Atlantic, Donald Trump. Their path is a closed-in policy, showing disdain for international trade and globalization while supporting tariffs and borders closed to both goods and migration. These policies can increase prices and limit choices for consumers while slowing or decreasing GDP growth. Down the other path is the established order dominated by the EU, Angela Merkel, Mark Rutte, and the global neoliberal free trade consensus, which advocates for inexpensive exchanges of goods between countries to decrease costs and conflict. Despite the gains from trade, voters are resisting and blaming free trade for unemployment, crime, social unrest, and the influx of non-white immigrants.

The Brexit vote, a wildly successful referendum held last year that called for Britain to leave the European Union, was a clear win for the anti-globalists. However, free trade and openness prevailed in the Dutch elections in which establishment liberal Mark Rutte handily defeated populist far-right outsider Geert Wilders. The next test for free trade comes at the end of April during the French presidential elections. Marine Le Pen and her anti-trade French National Front party will attempt to gain a majority in government. While polls predict the National Front will lose, the outcome could be as surprising as Donald Trump's victory.

The fate of the EU and global free trade rests on the outcome of the French election. These two economic ideologies diverge in the ballot box, and the world may take the one less efficient. — PS

Sources: bit.ly/2oW3Oal



North Korea Nukes Non-Renewables Trade

Just like a petulant child, North Korea has made another mistake and not learned from its punishment. The "Hermit Kingdom" conducted several long-range ballistic missile tests earlier this year in defiance of international pressure against the launches. These missiles could pose a significant security risk to China, Japan, and the United States should a nuclear warhead be attached.

In retaliation, the United Nations and several countries imposed new sanctions on North Korea.

China, most notably, announced that it would stop importing coal from the neighboring country. With coal exports comprising ten percent of North Korea's GDP and China receiving most of the DPRK's exports, the embargo on coal could potentially cripple the weak North Korean economy. China's new policy became official this week when it expelled a fleet of North Korean coal ships from several of its ports.

North Korean state media harshly criticized the move. In a press release, the DPRK claimed that China was a complicit "vassal force" of the United States for imposing the embargo. Furthermore, North Korea said the coal trade ban would be "inhumane" because it would harm the North Korean people. Given Kim Jong Un's horrible human rights record, it is unbelievable that North Korea did not anticipate these negative consequences. — BF

Sources: nbcnews.to/2p3DRCJ, bit.ly/2oqO1Pm



Headwinds Clash With Trade Winds

On a winter day in 2008, thousands of farmers gathered in the Zocalo of Mexico City with their rickety tractors to stage a protest. Earlier that month, the Mexican government had re-



pealed all tariffs on corn imported from the United States as part of a 14-year liberalization plan under the North American Free Trade Agreement, better known as NAFTA. The farmers feared that unrestrained competition from up north would undermine their products and profits.

NAFTA is a free trade accord enacted in 1994 by the governments of Canada, the United States, and Mexico. In an effort to drive unprecedented integration between the North American economies, the pact liberalizes trade of most industries by repealing nearly all transnational tariffs. The anxiety expressed by those Mexican farmers are today being felt by American blue-collar workers across the Rust Belt. That fear culminated in an unprecedented sense of economic nationalism that contributed to Donald Trump's unexpected victory. While NAFTA has only brought marginal benefits to the aggregate American economy, most U.S. workers have been likely displaced by the effects of automation rather than by overwhelming labor competition. American and Canadian firms still produce output that requires the human capital proportional to their high level of technological capacity, such as innovative prototypes, while Mexico specializes in producing more rudimentary output relative to their level of national income, such as small sedans.

While negative externalities come with any international deal, public hostility toward the idea of trade has perhaps been the only topic which brought a Vermont socialist and a right-wing nationalist in agreement. — NG

Sources: on.cfr.org/SXrl6T

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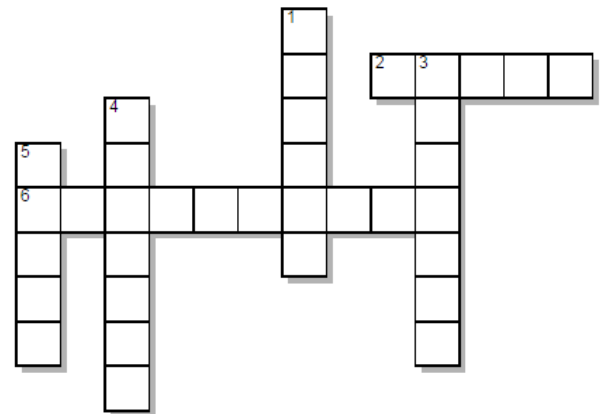
Russian Sanctions May Not Rush Away

At the White House daily press briefing two days ago, Press Secretary Sean Spicer mistakenly asserted that Adolf Hitler—unlike Syrian President Bashar al-Assad—never used chemical weapons against his own people. However, both did commit genocide: Hitler murdered ten million over five years, while Assad killed hundreds just last week. The sarin gas attack in Khan Shaykhun, Syria prompted U.S. President Donald Trump to change his initial pro-Assad policy and order airstrikes on a Syrian military base.

Russia, Syria's closest ally, vehemently opposed American intervention in the Middle Eastern civil war, which has created a new strain in relations between the U.S. and Russia. Analysts speculated that the Trump administration had wanted to pursue warmer relations with Russia, possibly by striking a deal in which the U.S. would ease economic sanctions on Russia in exchange for Russia's support on geopolitical issues. The removal of sanctions could have strengthened Russia's recent grab for more international clout. For now, the future of U.S.-Russian relations remains as unstable as the Syrian Civil War, but peace may loom if major powers can align the incentives of trade with their diplomatic and geopolitical objectives. — MW

Sources: bit.ly/2jGBD99, nbcnews.to/2pqzaIX

What's the Word?



ACROSS

- 2 Despite its economic benefits, this trade pact has drawn much scorn in the United States.
- 6 On which country did world powers recently impose significant economic sanctions?

DOWN

- 1 This team is arguing against free trade.
- 3 In economics, North Korea's closed economy is called what?
- 4 A trade _____ occurs when the value of a country's exports exceeds the cost of its imports.
- 5 This team is arguing in favor of free trade.