

Economics of Current Events for Extemporaneous Speaking

Gregory Rehmke

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www.EconomicThinking.org

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Economics for Debate Youth Educational Forum

Thursday, Sept. 10, 2015 • 12:00-17:00 • Skopje, Macedonia

Workshop on the economics of debate topics and international issues.

Presentation One: Dueling Narratives for Economic Malaise: Deregulation and Financialization, or Overregulation and Declining Economic Freedom?
Economic turmoil, unemployment, inequality, and financial decline in Europe, America, and now China: Are these the result of deregulation since the 1980s and expanded financial power? Or is economic stagnation more the consequence of expanded welfare spending and regulation contributing to declining economic freedom? Economists across the political spectrum agree on some problems, like overregulation of housing. Economic freedom success stories are many: Hong Kong, Singapore, South Korea, Chile, Ireland, & Estonia.

Presentation Two: Economic Freedom Indexes and Constitutional Restraints
Market economies are turbulent as new enterprises undermine existing firms and industries. Established firms often turn to government for help. But that "help" reduces choices and raises prices for consumers. Adam Smith and public Choice economists today see private interests driving much government action. Without secure Constitutional restraints, businesses, unions, environmentalists and other interests organize and lobby for subsidies and regulatory protection. New firms from restaurants to Uber, AirBnB, and TaskRabbit face these regulations and fees. Estimated costs for excess regulations in U.S. is \$2 trillion per year (Total direct Federal revenue in 2014 was \$3 trillion).

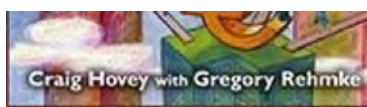
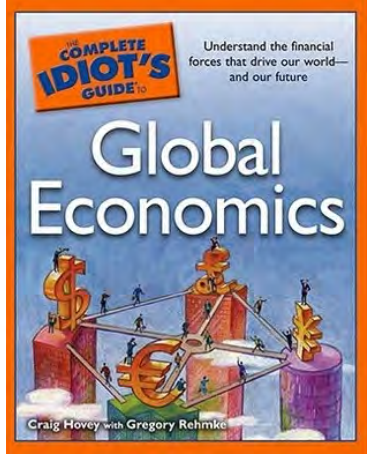
Presentation Three: Arrival City & Economics of Immigration
Immigration is a powerful economic force boosting growth in open economies. The German government welcomes immigrants partly for economic value. Immigration has been a source of German, UK, Hong Kong, and U.S. prosperity over the last fifty years. Welfare state policies collide with new immigration. Guest worker policies are an option. Charter cities too.

Economic Thinking workshops help students understand economic, public policy, and world affairs. More than 5,000 high school, homeschool, and college students have attended our workshops. Economic Thinking is a program of El Pluribus Unum Films, a Seattle-based nonprofit.

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Gregory Rehmke, directs Economic Thinking, lectures widely in the U.S., and at Institute for Economic Studies-Europe seminars. He is co-author of *The Complete Idiot's Guide to Global Economics*.





- ✳ **In the news: immigrants and refugees come to Europe and U.S., leaving unfree countries.**
- ✳ **Slow economic growth (since 2008) inflames nationalism and populism (blame “others”).**
- ✳ **Meanwhile, in China, India, Southeast Asia, rapid economic growth. And vast migration to cities.**

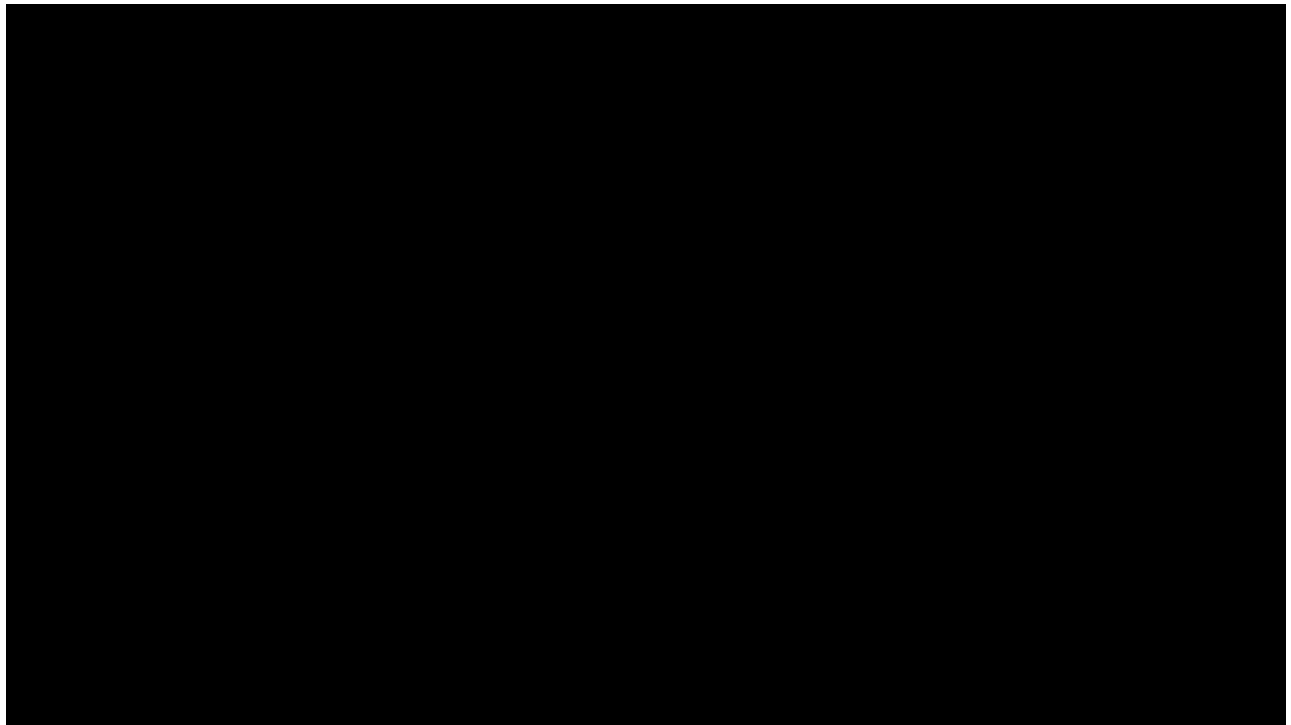


Chart: Fewer People Live in Extreme Poverty Than Ever Before



SUBMITTED BY **TARIQ KHOKHAR** ON SUN, 10/02/2016

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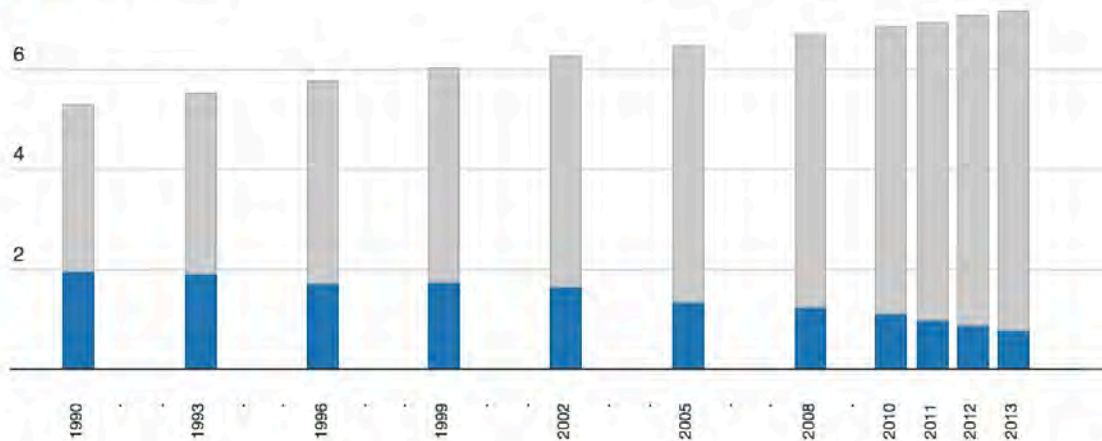
<https://blogs.worldbank.org/opendata/chart-fewer-people-live-extreme-poverty-ever>

Also available in: **Francais** | **中文** | العربية

Fewer People Live in Extreme Poverty Than Ever Before

World population in billions. Poor living below \$1.90/day in 2011 PPP

■ Poor ■ Non-poor



September 24, 2015

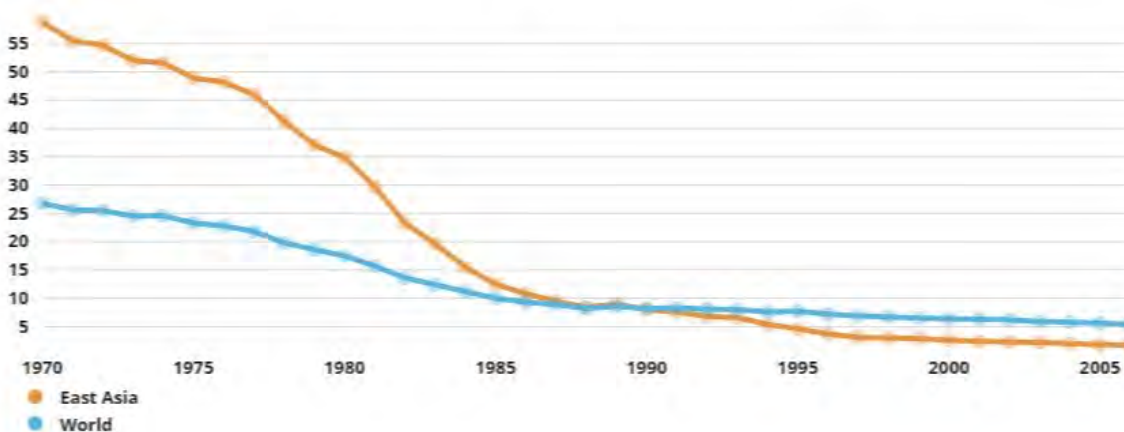
Extreme Poverty's End in Sight

By Chelsea German



HumanProgress.org

Absolute poverty rates in East Asia and the world, percent of population



<http://humanprogress.org/blog/extreme-povertys-end-sight>



Asia will soon be the world's economic center—if it isn't already

By Lee Kuan Yew School of Public Policy

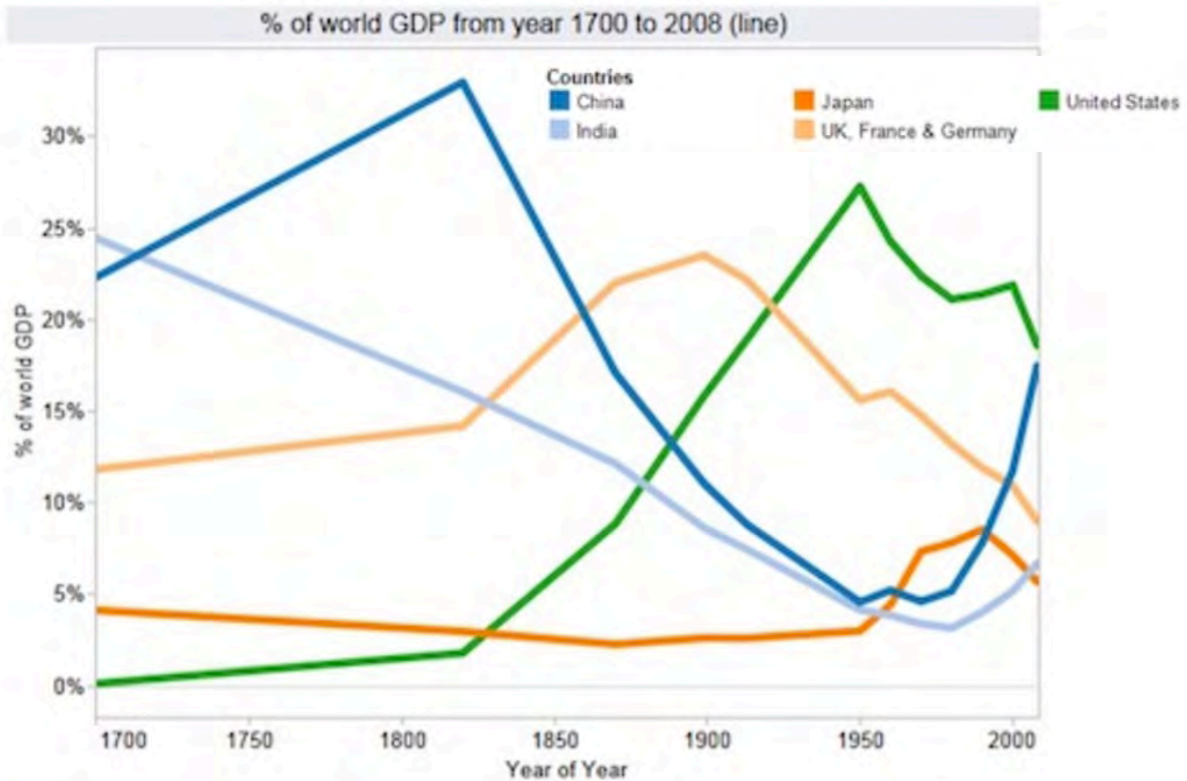
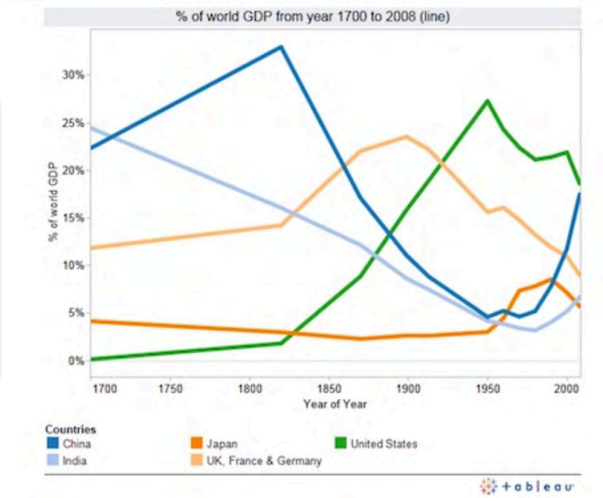
The Pacific Trade Future: China and South America

BY GREGORY REHMKÉ · PUBLISHED FEBRUARY 15, 2017 · UPDATED AUGUST 3, 2017

A sponsored Quartz post from the Lee Kuan Yew School of Public Policy: "Asia will soon be the world's economic center—if it isn't already" looks at the rise of nationalism:

In the wake of Brexit, ascendant European nationalism, and the US elections, much has been written about populism's threat to global

<http://economicthinking.org/2017/02/15/the-pacific-trade-future-china-and-south-america/>





"Over the last 30 years, extreme poverty has been cut in half."

— Gayle Smith on Wednesday, March 9th, 2016 in a speech on Capitol Hill

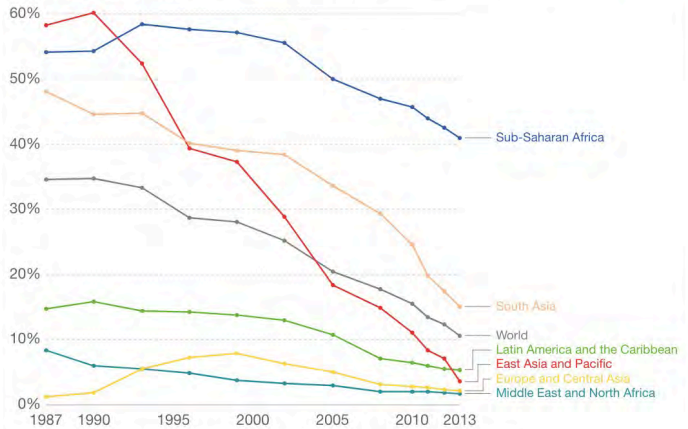


Did we really reduce extreme poverty by half in 30 years?

By Linda Qiu on Wednesday, March 23rd, 2016 at 12:33 p.m.

Share of the population living in extreme poverty, by world region

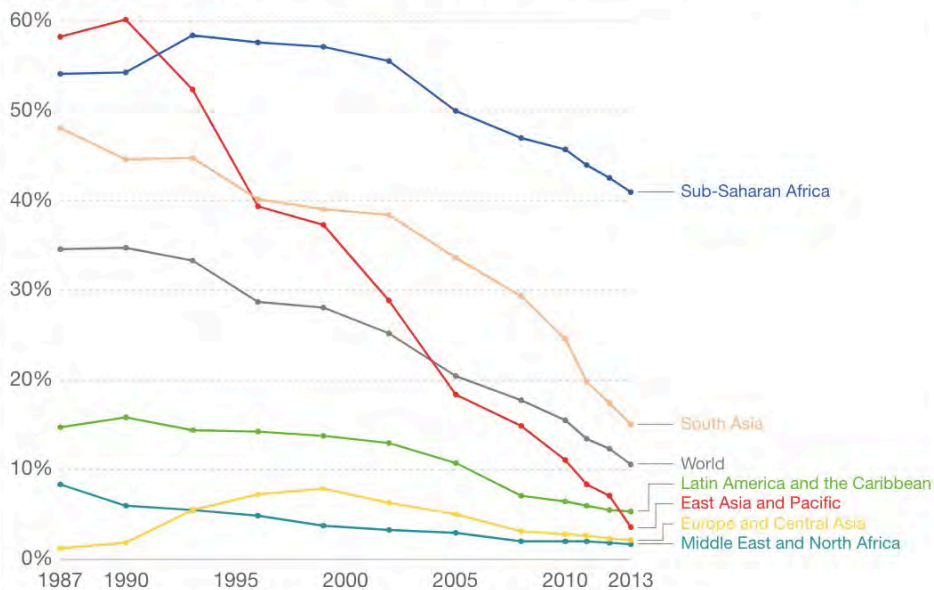
Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries.



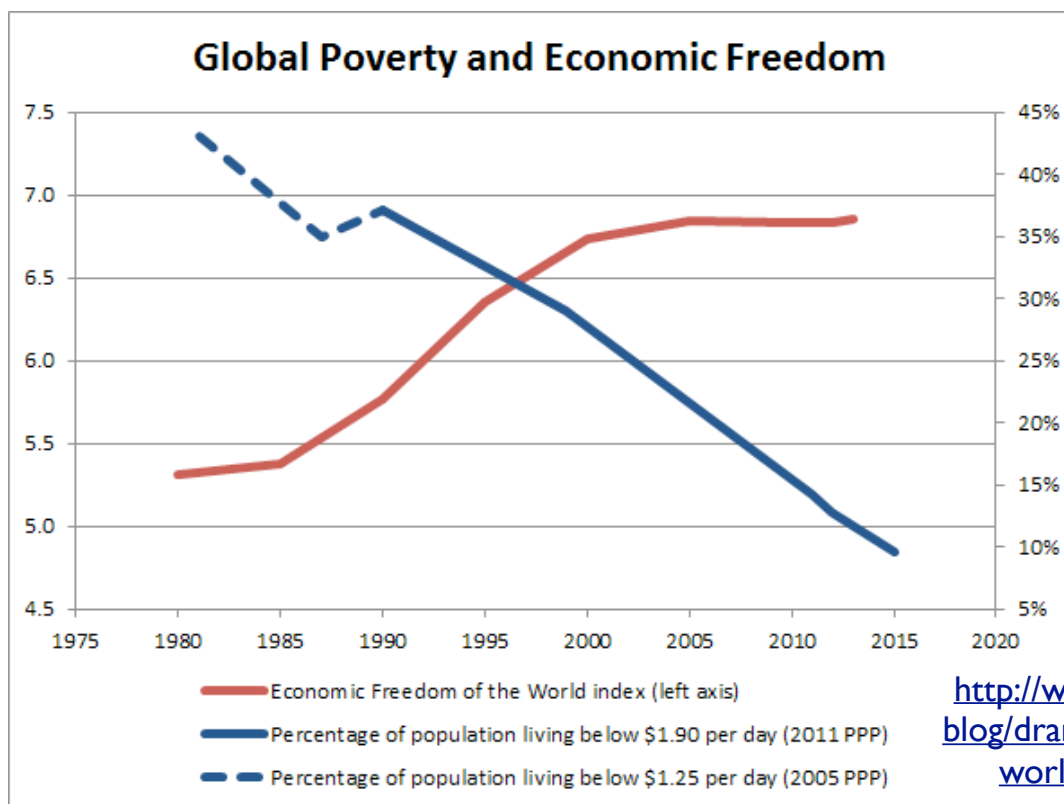
Source: Share of the population living in extreme poverty by world region - PovcalNet World Bank
 Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.
 OurWorldInData.org/extreme-poverty/ • CC BY-SA

Share of the population living in extreme poverty, by world region

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Inequality, Populism, and Nationalism

- 🌐 [After] Brexit, ascendant European *nationalism*, and the US elections, much has been written about *populism's* threat to global trade growth and the international economic institutions established after the Second World War.
- 🌐 ...Many have blamed *growing economic inequality* within developed economies—some blame *outsourcing* or *[technology]*
- 🌐 Others posit that a decline in inequality may be a motivating factor...*blame populism's rise on improved income equality across all nations.*



Asian Economic Expansion since 2000

The future of Factory Asia

A tightening grip

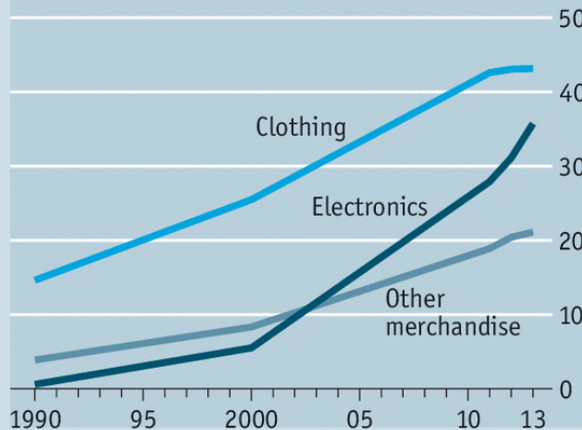
The Economist

Rising Chinese wages will only strengthen Asia's hold on manufacturing

Mar 12th 2015 | JIAXING AND YANGON

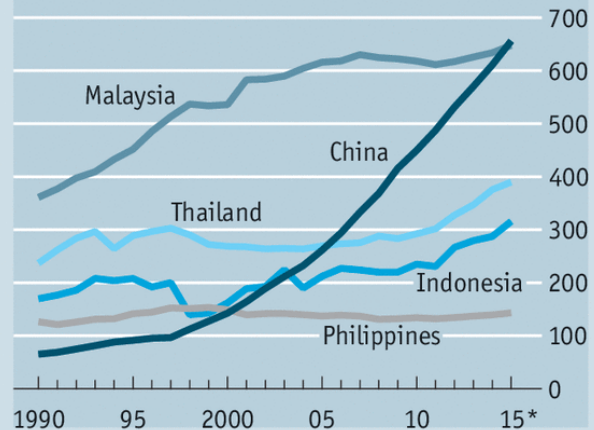
New-wage manufacturing

China's share of global exports, %



Sources: Thomson Reuters; Economist Intelligence Unit

Average monthly wages, 2010 prices, \$



* Forecast

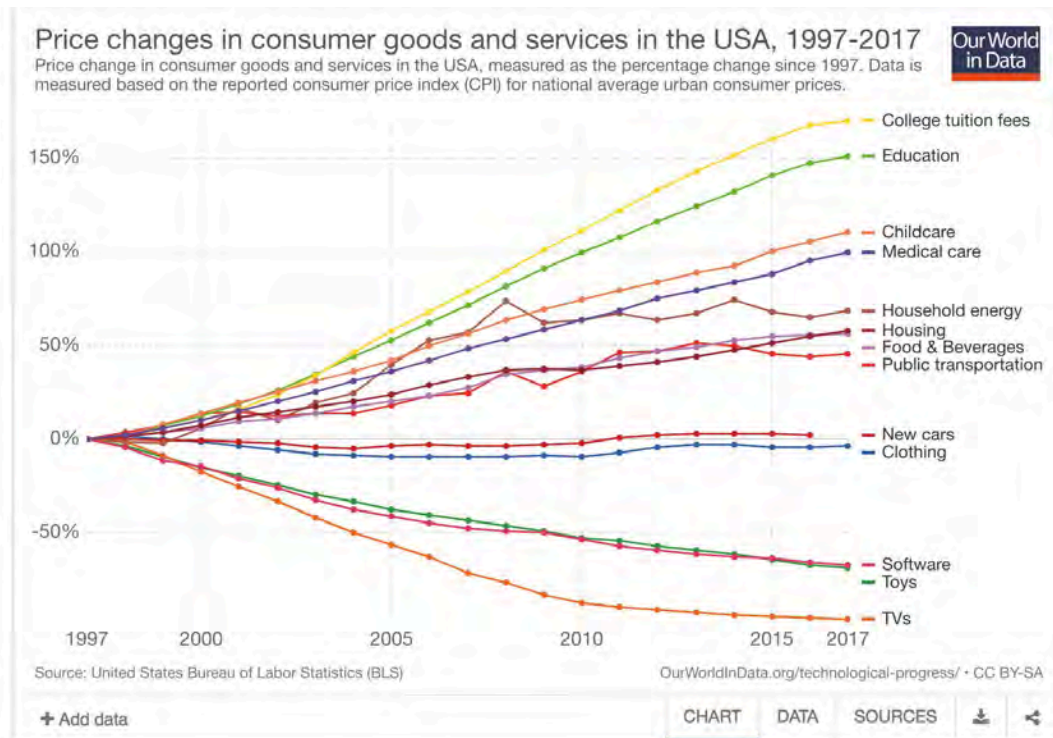
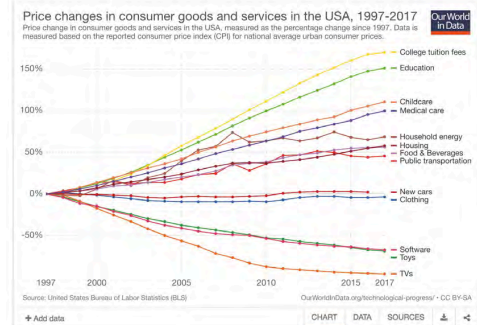
Inequality, Populism, and Nationalism

- [After] Brexit, ascendant European nationalism, and the US elections, much has been written about populism's threat to global trade growth and the international economic institutions established after the Second World War.
- ...Many have blamed growing economic inequality within developed economies—some blame outsourcing or [technology]
- Others posit that a decline in inequality may be a motivating factor...blame populism's rise on improved income equality across all nations.
- During the 1990s, a 70% income gap stood between emerging economies and the G7. That gap shrunk to under 14% in 2016 and will disappear by 2020.

Income Inequality, Education, Medical Care & Housing

Domestic topics

- Why are housing costs so high? Especially in San Francisco and the Bay Area?
- Why is K-12 education so expensive, college student debt so high and college so expensive?
- Why are drugs, health care insurance and medical care so expensive?
- Economists focus on corporate lobbying, regulation and licensing.



<https://ourworldindata.org/grapher/price-changes-in-consumer-goods-and-services-in-the-usa-1997-2017>

Immigration & Innovation

- “Greek” yogurt from Turkish student.
- Peet’s Coffee & Starbucks (*Holland & Italy*)
- Top tech firms: Google, Paypal, eBay, (50% of tech founders/key tech immigrants)
- *Hong Kong was partly a refugee camp in 1950s.*
- *Syrian and North African refugees, and immigrants from Eastern Europe revitalizing (or disrupting) UK, France, Germany, Italy, Sweden.*
- *Israel’s immigration experience (15% of entire population in one year)*



<http://www.intelligencesquaredus.org>

The Wall That Keeps The New York Times *Illegal Workers In*

By DOUGLAS S. MASSEY APRIL 4, 2006

The number of Border Patrol officers increased from around **2,500 in the early 1980's to around 12,000** today, and the agency's annual **budget rose to \$1.6 billion from \$200 million**. The boundary between Mexico and the United States has become perhaps the most militarized frontier between two nations at peace anywhere in the world.

Although border militarization **had little effect on the probability of Mexicans migrating illegally, it did reduce the likelihood that they would return** to their homeland. America's tougher line roughly tripled the average cost of getting across the border illegally; thus Mexicans who had run the gantlet at the border were more likely to hunker down and stay in the United States. My study has shown that in the early 1980's, about half of all undocumented Mexicans returned home within 12 months of entry, but by 2000 the rate of return migration stood at just 25 percent.

The Economics of Immigration

The New York Times

Fewer Immigrants Mean More Jobs? Not So, Economists Say

By BINYAMIN APPELBAUM AUG. 3, 2017

... the prevailing view among economists is that immigration increases economic growth, improving the lives of the immigrants and the lives of the people who are already here.

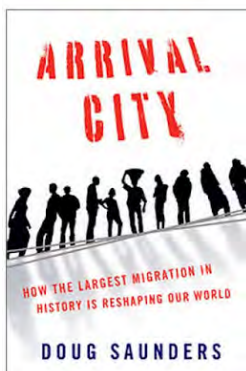
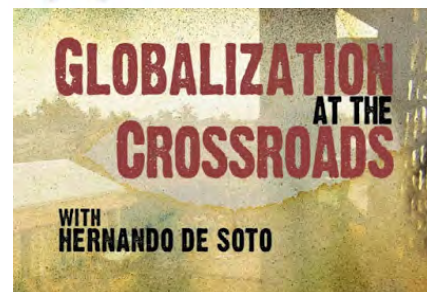
Arrival Cities in China, and Globalization at the Crossroads

BY GREGORY REHMKE PUBLISHED JUNE 28, 2016 (REVISED)
OCTOBER 17, 2016

Around the world, people are on the move. Across the United States and Japan, through the 1800s and 1900s, millions moved from farms and rural villages to the edges of fast-growing cities. China's economic transformation turns on the hundreds of millions who have and are still migrating to China's dozens of megacities and hundreds of large and mid-size cities and adjacent manufacturing regions.



economicthinking
Understanding and Creating Prosperity



Globalization at the Crossroads - with Hernando de Soto

Globalization at the Crossroads features renowned Peruvian economist and author Hernando de Soto. His twenty years of research shows that economic prosperity only in places where widespread personal property ownership exists—coupled with inclusive, efficient, and transparent business and property law.

<http://economicthinking.org/arrival-cities-in-china-and/>

Friday, June 26, 2015

Arrival Cities in China, and Globalization at the Crossroads

Development came later for Taiwan and South Korea, as foreign direct investment through the 1960s and 1970s in and around cities added to domestic savings to fund vibrant export-based economies. A glimpse of this history is given in the first minutes of Hernando de Soto's *Globalization at the Crossroads*, which streams online.

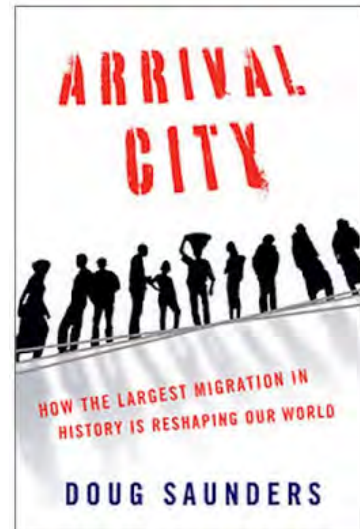


Globalization at the Crossroads - with Hernando de Soto

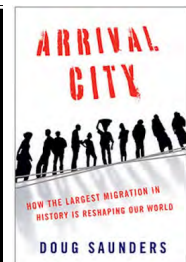
Globalization at the Crossroads features renowned Peruvian economist and author, Hernando de Soto. His twenty years of research show that economies prosper only in places where widespread personal property ownership exists—coupled with inclusive, efficient, and transparent business and property law.

A central economic reality in China, India, Africa, and Latin America, are the millions migrating to

cities to join the exchange economy of world cities where they produce and consume goods and services exported to and imported from around the world. The U.S. and Japan had their migration a century ago, South Korea and Taiwan a few decades ago, and China's migration over the last two decades and still a work in process.



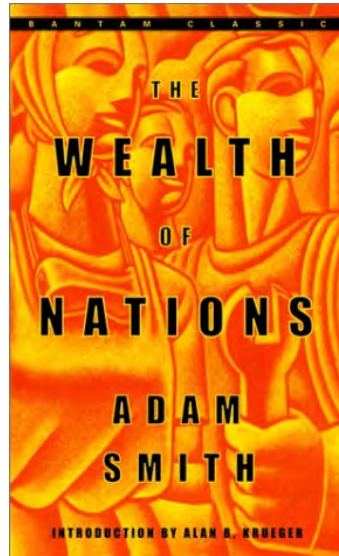
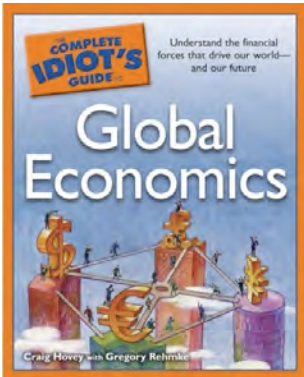
Liu Gong Li: Inside a Chinese Arrival City



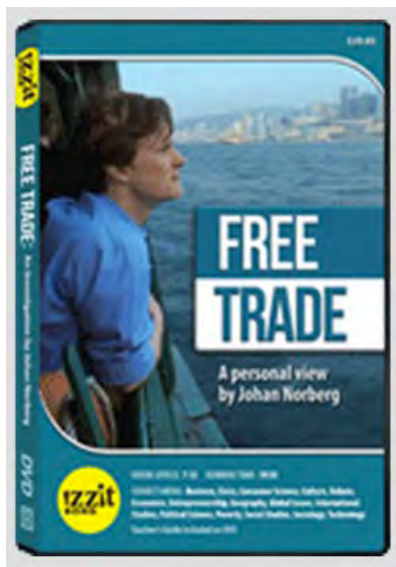
[http://
arrivalcity.
net/video](http://arrivalcity.net/video)



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www.izzit.org/streaming/



<http://astoundingideasmiddleeast.blogspot.mk/2014/07/refugee-economics-success-of-self.html>

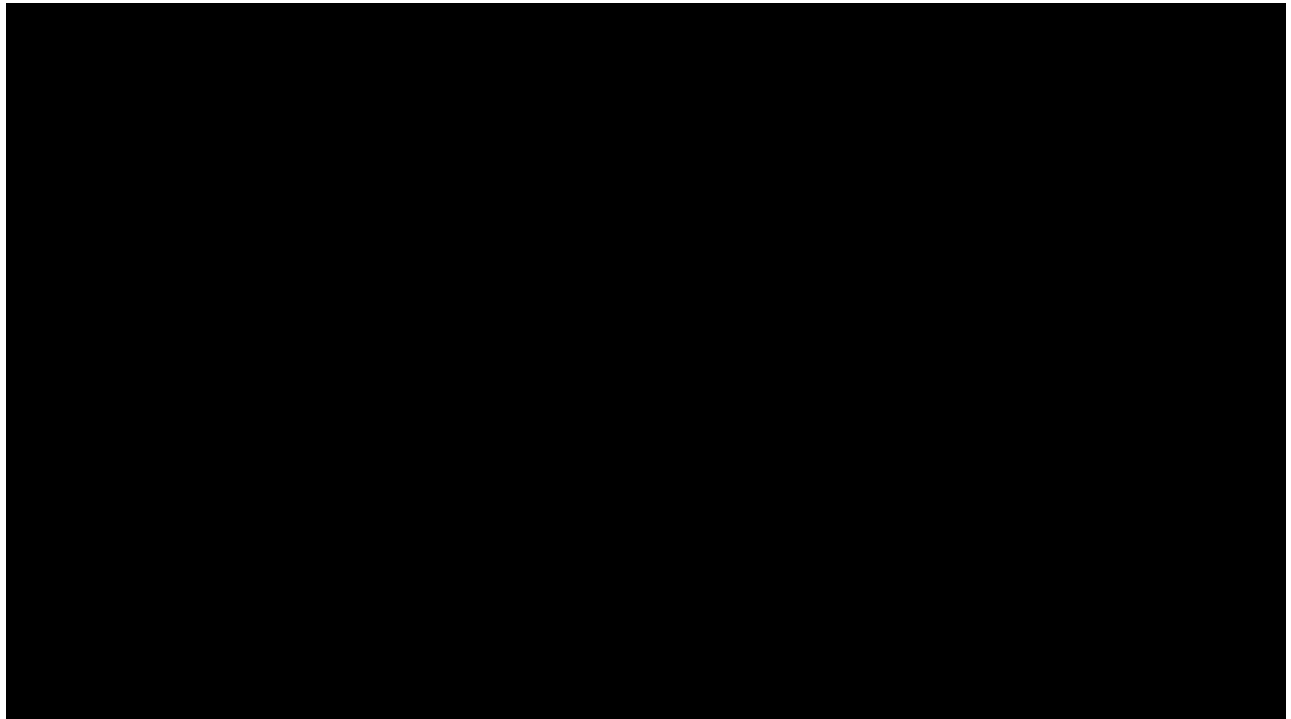
Economic Regulations, Immigration, Criminal Justice, and Prisons

- *Minimum wage law. Who loses jobs first?*
- *Civil Asset Forfeiture, collateral damage from the war on drugs.*
- Criminal justice reform, over-criminalization, over-incarceration (5%/25%). More than China.
- Economic Inequality debates
- Professional licensing regulation hit poor hardest. (*Braiding Freedom* video.)

More
Domestic
topics

<http://braidingfreedom.com/>

Braiding  Freedom





July 2015

- *Over the past several decades, the share of U.S. workers holding an occupational license has grown sharply.*
- *... the current licensing regime in the United States also creates substantial costs, and often the requirements for obtaining a license are not in sync with the skills needed for the job.*
- *There is evidence that licensing requirements raise the price of goods and services, restrict employment opportunities, and make it more difficult for workers to take their skills across State lines.*

Braiding  Freedom

Economics, Innovation, & Public Policy

- 🌐 Rise of the sharing economy: Uber, Lyft, Airbnb, UberAir?
- 🌐 Push back from regulators, taxi, hotel interests, airlines.
- 🌐 Urban violence (Chicago...) and police violence. Too much power for police unions?
- 🌐 Militarization of police...
- 🌐 To many regulatory “crimes.” Selling lemonade? individual cigarettes? water bottles?

Newsweek
U.S.
POLICE IN WASHINGTON D.C. ARREST BLACK TEENS FOR SELLING WATER BOTTLES, BECAUSE 'SAFETY'

BY JANICE WILLIAMS ON 6/24/17 AT 2:19 PM



The Criminalization of Everyday Life



Overcriminalization

Overcriminalization

Way too many imprisoned.
Often the “wrong people”
Unjust and expensive.



rightoncrime.com



- **Reduce/reform pre-trial detention.**
- **Jury trials rather than plea-bargaining.**
- **End mandatory minimum sentences.**
- **Reform prisons.**
- **Too many economic and regulatory crimes.**



<https://www.charleskochinstitute.org/issues/criminal-justice-policing-reform/>

Regulation and Public Choice Economics

- Adam Smith, *The Wealth of Nations* (pro free trade and enterprise, but not pro-business).
- Market economies are unstable. Profits attract new competition. Existing businesses and industry associations (special interests) lobby to suppress competition with new trade barriers and regulations.
- Legislatures and regulatory agencies are often “captured” by the industries they try to regulate.
- Court system can (and used to) protect citizens and firms from economic regulations lacking some public health or security justification.

Health & Medical Care Reform

- Professional licensing for medical
- Restrictions on new medical schools and hospitals
- State and federal regulations can add bureaucracy and can double, triple medical costs.
- Key problem is third party payments (health insurance plus state and federal pay bills consumers don't)

Principles for Reform
Sessions/Cassidy Health Plan



- Abolishes the *ObamaCare* mandates.
- Repeals all of the anti-job provisions of *ObamaCare*
- Repeals thousands of pages of additional regulations.
- Deregulates and denationalizes the health insurance marketplace in every state.
- Offers all Americans a universal tax credit (similar to the child tax credit) for health insurance premiums and deposits to Health Savings Accounts.
- Lets employees earn higher wages by eliminating waste in their health plans.

[http://www.goodmaninstitute.org/
principles-for-reform/](http://www.goodmaninstitute.org/principles-for-reform/)