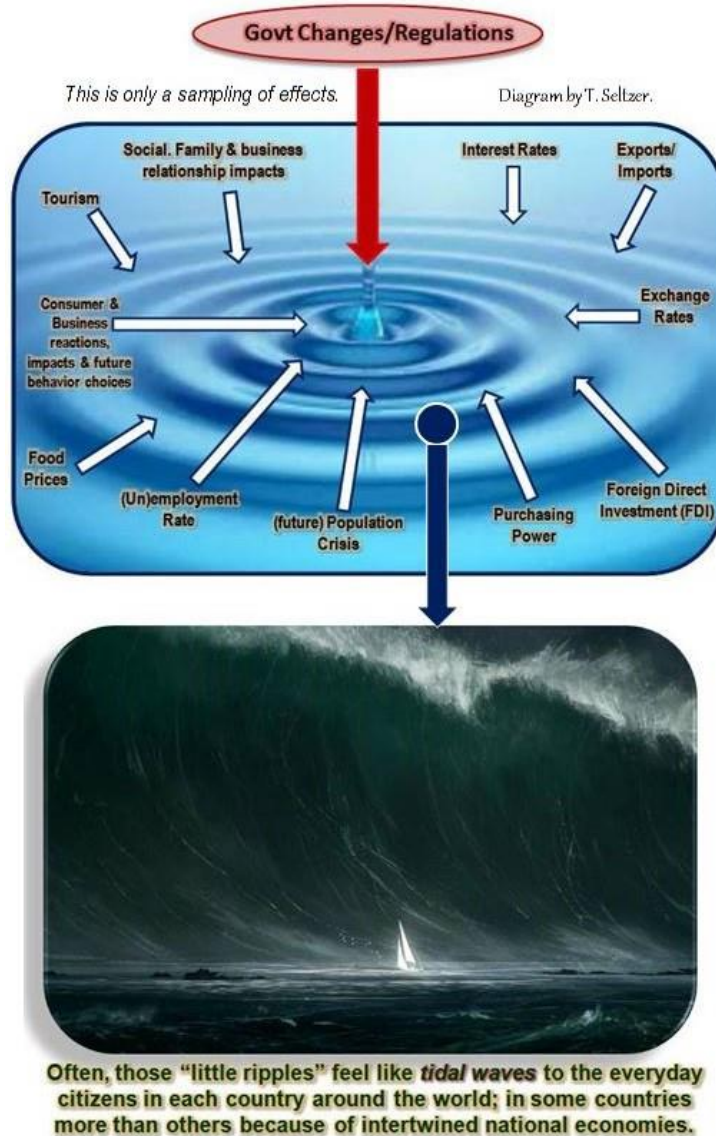


## An Everyday Approach to Political Economics

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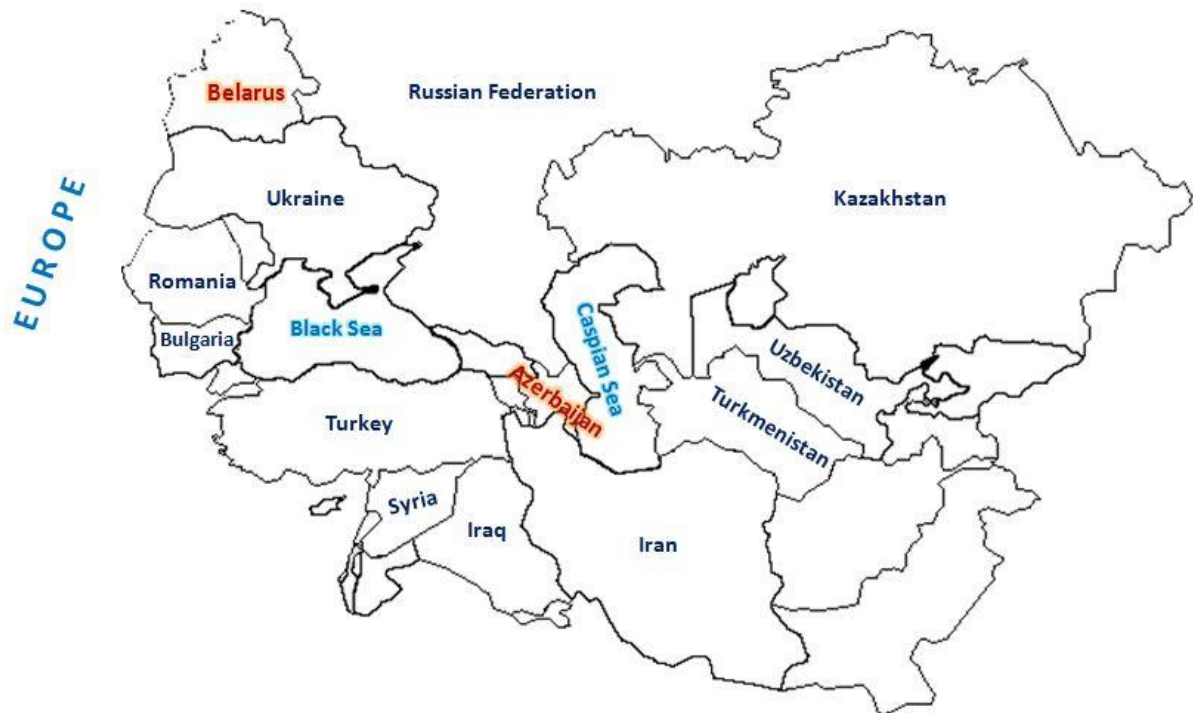
What is political economics? Sounds rather academic and boring, doesn't it? But it isn't! Political economics affects you and your everyday life. The simple, easy definition of political economics (PE) is how government laws, regulations and changes affect private citizens, commerce, and the military (see the diagram below). PE comes in two flavors, 1) national/domestic (d-PE) political economics, and 2) international/transnational (i-PE) political economics. These two may be independent of each other (depending on the topic), but most often they are interdependent (depending on the topic).



d-PE Example

In 2015, the national governments of the small countries of Belarus and Azerbaijan (see the map below) were faced with deteriorating economic conditions. To stabilize and to stimulate their economies, they devalued their currencies, called the *Azerbaijani Manat* (AZN) and the *Belarusian Ruble* (BYN). The Azerbaijani government prohibited the flow of US Dollars (USD) both in and out of Azerbaijan. It also restricted the outflow of AZN, even if converted to another currency. The government of Belarus only levied currency restrictions. Belarusians were only allowed to spend no more than USD30 each month for goods and services outside of Belarus. Also, both governments devalued their currency, so the cost of buying everyday items almost doubled, and the cost of buying USD at least doubled, which induced their citizens to not buy USD, the global commerce currency which is needed to buy goods and services in/from many other countries.

The restrictions by these two national governments forced their citizens to purchase goods and services, and borrow money from within their countries in hopes of stimulating their economies. However, the restrictions and the failing economies caused inflation, thus decreasing the purchasing power of its citizens and the choices their citizens could make. Some citizens immigrated to other countries. Others stayed and paid double the amount for food, clothing and everyday needs. Families began to worry about how they would feed their families, especially if businesses had to lay off employees due to the unfavorable economic conditions. This caused a lot of stress, which can result in social issues such as divorce, domestic violence, substance abuse and suicide, among others.



Perhaps one of the best examples of international political economics is when in 1993 the US finally reached an agreement, after 5 years of disputes, with Canada regarding Canadian beer imports into the US. Many Americans voiced their unhappiness regarding the possibility of having to pay more for their favorite beer. Also, in early 2017, President Trump levied tariffs on soft woods coming from Canada into the US. This doesn't seem like it affects the everyday American, but consider the cost of a new wood framed house or apartments. A new home construction loan will cost much more than in the past because the cost of importing the wood has increased to compensate for the tariff. Instead of "We are passing the savings on to you", the construction company lives by "We are passing the tariffs on to you". New domicile construction is needed for an ever-increasing population, and for replacing old, condemned buildings. Without new construction of houses and apartment buildings, some towns or cities may face a housing shortage.

So, in the spring, when a man invites his friends over to help him install a new deck or swimming pool deck, the deck materials (and perhaps the cost of the beer as payment for his friends' help) will cost much more than last summer. In short, political economics affect all of us in one way or another.

*Traci Seltzer's valuable business experience includes a decade of job titles such internal fiscal and compliance auditor for various government and private sector entities, criminal analyst, and academic teacher in a men's prison. Additionally, she have over a decade of teaching experience which includes 4 years of online ESL instruction in daily-use English (slang, arguing, conflict in professional & personal situations), industrial & organizational psychology combined with political economics, investor psychology combined with political economics, social psychology, interview English (for students & employment) and international business to fluent adult Russian professionals (mainly businessmen in Moscow), Korean professionals and students (mainly in Seoul), Polish professionals, and Chinese professionals and students via SKYPE and mobile phones.*

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