

## 2. Trade, jobs and politics

### Acronyms and abbreviations

**BLS**—Bureau of Labor Statistics  
**EPI**—Economic Policy Institute  
**GDP**—Gross domestic product  
**IMF**—International Monetary Fund  
**NAFTA**—North American Free Trade Agreement  
**PNTR**—Permanent Normal Trade Relations  
**PPP**—Purchasing power parity  
**TAA**—Trade Adjustment Assistance Program  
**TPP**—Trans-Pacific Partnership  
**WTO**—World Trade Organization

### Glossary

**Balance of trade:** The difference between a country's imports and its exports.

**Brexit:** A term for the UK's referendum on EU membership, held on June 23, 2016. The British public voted 52% to 48% to leave the union. The UK will remain in the union until it invokes Article 50 of the EU's Lisbon Treaty, after which point the terms of Britain's exit must be agreed upon within a period of two years.

**Currency manipulation (currency intervention; foreign exchange market intervention):** The process wherein a government or central bank buys or sells its domestic currency in the foreign exchange markets in order to influence the exchange rate.

**David Ricardo (1772–1823):** A political economist from Britain, considered one of the most influential of the classical school.

**Free trade zone:** A geographic area in which goods can be exchanged or manufactured without intervention by a customs authority.

**Graham-Schumer bill:** A 2005–06 bill, proposed by Senator Charles Schumer (D-NY) and Senator Lindsey O. Graham (R-SC). It called for the imposition of tariffs on Chinese products as a response to Chinese currency manipulation. The bill was abandoned before it could be put to a vote, following pressure from then-President George W. Bush.

**Gross Domestic Product:** The monetary value of all goods and services produced in a country in a certain period of time.

**International Monetary Fund (IMF):** An institution in the United Nations system. The IMF was established in 1945 in the wake of the Great Depression and the Second World War, and tasked with ensuring the stability of the international monetary system. Today, this includes regulating the system of exchange rates and international payments, as well as relevant macroeconomic and financial sector issues.

**Joseph Stiglitz:** The recipient of the Nobel Prize in Economic Sciences in 2001. Stiglitz served as chairman of the Council of Economic Advisors under the Clinton administration (1995–97) and as chief economist of the World Bank (1997–2000).

**North American Free Trade Agreement (NAFTA):** A free trade agreement between the U.S., Canada and Mexico. NAFTA was developed under President George H.W. Bush, signed into law by the Clinton administration, and came into effect in 1994.

**Okun's Law:** The statistical relationship between a country's cyclical unemployment rate and its gross domestic product, conceived by Arthur Melvin Okun in 1962.

**Rust Belt:** An economic region in the northeast of the United States. The Rust Belt covers, approximately, Michigan, Wisconsin, Indiana, Illinois, Ohio and Pennsylvania. The term refers to the industrial decline in the region, experienced since the 1980s.

**Trans Pacific Partnership (TTP):** A proposed free trade agreement, signed in February 2016 by the U.S., Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile and Peru. The

TTP envisions the aforementioned countries united in an economic system with most trade tariffs dropped. TTP has yet to be ratified, and is strongly opposed by Donald J. Trump.

**World Bank:** An international financial institution belonging to the UN system. The World Bank aids developing countries by providing loans for capital programs. It exists within the World Bank Group, and consists of the International Bank for Reconstruction and Development, and the International Development Association.