

# Manufacturing Outsourcing Event

Machinery Plant with 300 Shop-Floor Workers  
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	United States	Developing Country
Annual Compensation		
• Impact of Plant Relocation	(\$25,500,000)	\$3,000,000
• Generally Available to Workers	\$13,500,000	(\$2,250,000)
Annual Basic Plant Capital Expenditure	(\$7,000,000)	\$7,000,000
Annual Consumer Savings on Imports		
• Labor Cost Reduction	\$22,500,000	
• Incremental Shipping	(\$2,500,000)	
Free-Trade Gain (unbalanced)	\$1,000,000	\$7,750,000
Annual Payment to US	\$3,375,000	(\$3,375,000)
Fair-Trade Gain (balanced)	\$4,375,000	\$4,375,000

## Notes

- Trade is a positive-sum, cooperative game (*not zero-sum*)
- Nations should bargain on behalf of their citizens - there is no free-trade mandate
- According to Nobel laureates John Nash and Lloyd Shapley, total gain should be shared 50-50