



# STUDENT FELLOW OP-ED #2

FALL SEMESTER

2024

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**MENARD FAMILY  
INITIATIVE**



## Index of State Alcohol Regulation

Written by Aditya Anil

In my previous op-ed, I discussed the conflicting nature of regulation on the sales times of alcohol. On one hand, strong regulation on the sales hours of liquor stores and grocery stores leads to improved competitiveness and earnings in the short run. I also found that, in the case of Wisconsin, rent seeking from bars and taverns has led to distortions, as they are allowed to sell alcohol later than liquor stores and grocery stores, and can sell packaged alcohol for off-site consumption. Despite this, the status quo suggests a symbiotic relationship between liquor stores and bars, with liquor store owners benefiting from the reduced competition they face and the improved safety of not having to operate at later hours. With that, the question arose of whether this dynamic exists in other states. To investigate this and conduct more complex analyses of alcohol regulation, I have begun developing an index of statewide alcohol regulation to quantitatively measure how strict a state's alcohol regulations are and rank it based on these metrics.

The restrictiveness of a state's regulations on sales hours is based on the number of hours each state is allowed to stay open on a given day. Some states have enacted so-called Blue Laws, which impose greater restrictions on alcohol sales on Sundays.

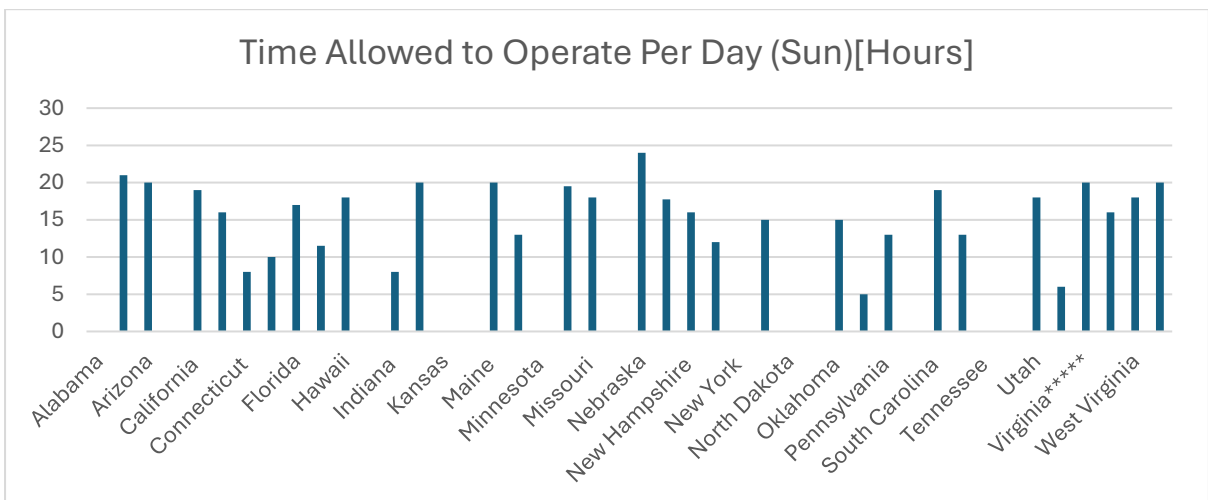
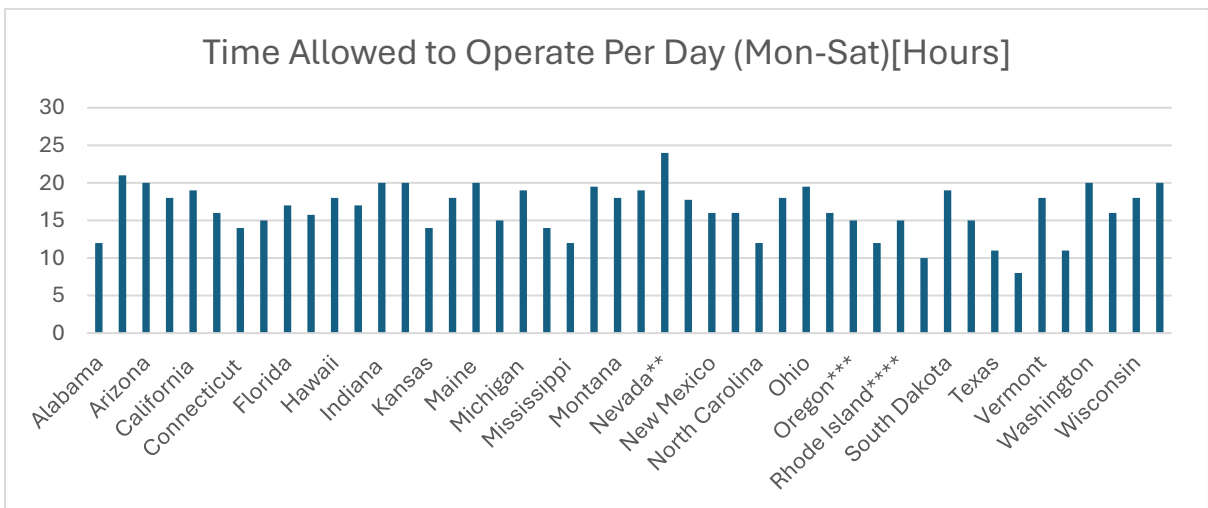
State	Time Allowed to Operate Per Day (Mon-Sat) [Hours]	Time Allowed to Operate (Sun) [Hours]
Alabama	12	0
Alaska	21	21
Arizona	20	20
Arkansas	18	0
California	19	19
Colorado	16	16
Connecticut	14	8
Delaware	15	10
Florida	17	17
Georgia	15.75	11.5
Hawaii	18	18
Idaho	17	0
Indiana	20	8
Iowa	20	20

Kansas	14	0
Kentucky	18	0
Maine	20	20
Massachusetts	15	13
Michigan	19	-
Minnesota	14	7
Mississippi	12	0
Missouri	19.5	19.5
Montana	18	18
Nebraska	19	0
Nevada**	24	24
New Hampshire	17.75	17.75
New Mexico	16	16
New York	16	12
North Carolina	12	0
North Dakota	18	15
Ohio	19.5	0
Oklahoma	16	0
Oregon	15	15
Pennsylvania	12	5
Rhode Island	15	13
South Carolina	10	0
South Dakota	19	19
Tennessee	15	13
Texas	11	0
Utah	8	0
Vermont	18	18
Virginia	11	6
Washington	20	20

West Virginia	16	16
Wisconsin	18	18
Wyoming	20	20

Some states do not outline specific times that liquor stores are allowed to operate for, leaving localities to decide for themselves. Thus, some states are omitted from this table.

According to the table, the state with the least restrictive alcohol sales times is Nevada, while the state with the most restrictive sales times is Utah. The average state allows sales for about 16.5 hours from Monday to Saturday and about 11 hours on Sundays. This disparity highlights the stricter regulations that alcohol vendor stores face on Sundays. The graphs below visualize the hours that alcohol sales are allowed on Monday through Saturday and on Sunday. As can be seen, there is a great deal of variety on Sundays, with many states banning alcohol sales completely.



While the above data does enable some capacity to rank states based on restrictiveness, some shortcomings remain with the index. For one, it does not account for some of the unique attributes of state legislation. For example, liquor stores in Oregon must be open for at least 8 hours between 12 pm and 6 pm. In addition to that, Wisconsin allows beer to be sold from 6 am-12 am and liquor from 6 am-9 pm. To account for this, future variables will be implemented into the index. The index uses the maximum number of hours these stores are open. In the case of Wisconsin, for example, this would be 18 hours, failing to account for the discrepancy in sales times for types of alcohol.

With the index, I plan to integrate several additional variables to increase its utility and comprehensiveness, including the percentage of dry counties, the percentage of the population living in dry counties, the tax rates on alcohol sold, and regulations on the quantity of alcohol that can be sold. Each of these variables would be weighted and totaled to create an index. However, this set of variables is subject to change if more complexities are found in state and local legislation. With this index, I intend to objectively rank states based on their regulation of alcohol sales and allow for an avenue to compare the restrictiveness of legislation between states, which would provide many useful insights into future policymaking and academic research. I also plan to incorporate county level data into the index, which would also prove valuable to policymaking and research.

## **Adapting to Tariffs: How the Midwest's Trade Focus is Changing**

Written by Khang Duong

### ***Abstract***

This paper examines the evolving trade landscape in the United States, with a particular focus on the Midwest and Southern states, as they adapt to tariffs and shifting trade policies resulting from the U.S.-China trade war. The findings highlight a significant difference in how these regions have responded to declining imports from China and an increasing reliance on Mexico in some key products. Southern states have demonstrated a stronger ability to adjust, taking advantage of their proximity to Mexico and diversifying their supply chains to mitigate the impact of tariffs. In contrast, the Midwest remains dependent on Chinese imports despite a modest increase in trade with Mexico, indicating a slower transition in diversifying its economic and trade partnerships. Future research could examine the broader implications of current tariffs, the potential impacts of universal tariffs on China, and the role of tariff retaliation by foreign nations.

## **Introduction**

According to the Office of the United States Trade Representative (n.d.), “the United States is the world’s 2nd-largest trading nation, behind only China, with over \$7.0 trillion in exports and imports of goods and services in 2022”. Additionally, the U.S. is “the largest goods importer in the world”. In 2022, its top five suppliers were China (\$536.3 billion), Mexico (\$454.8 billion), Canada (\$436.6 billion), Japan (\$148.1 billion), and Germany (\$146.6 billion). Notably, imports have been typically a larger share of GDP in Midwestern and Southern states. “In 2023, imports totaled more than 15 percent of GDP in Delaware, Georgia, Kentucky, Illinois, Indiana, Michigan, Mississippi, New Jersey, Rhode Island, Tennessee, and Wisconsin” (McClelland et. al, 2024).

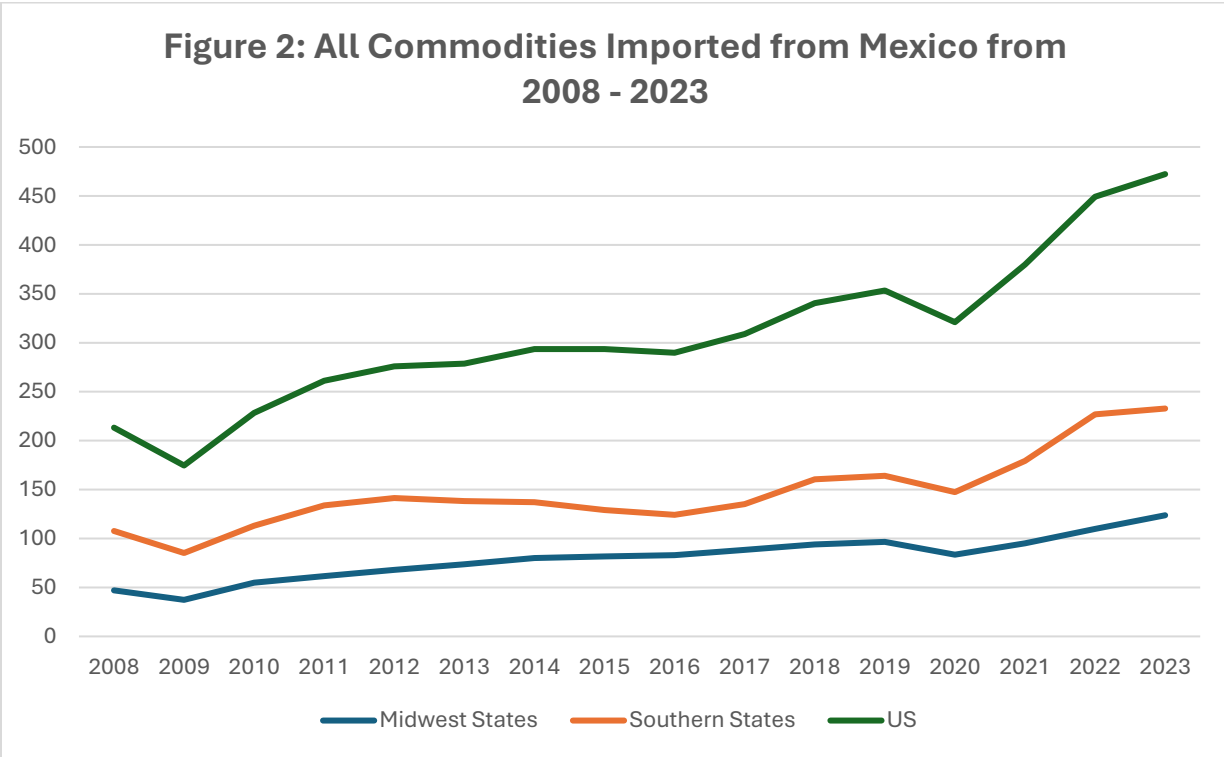
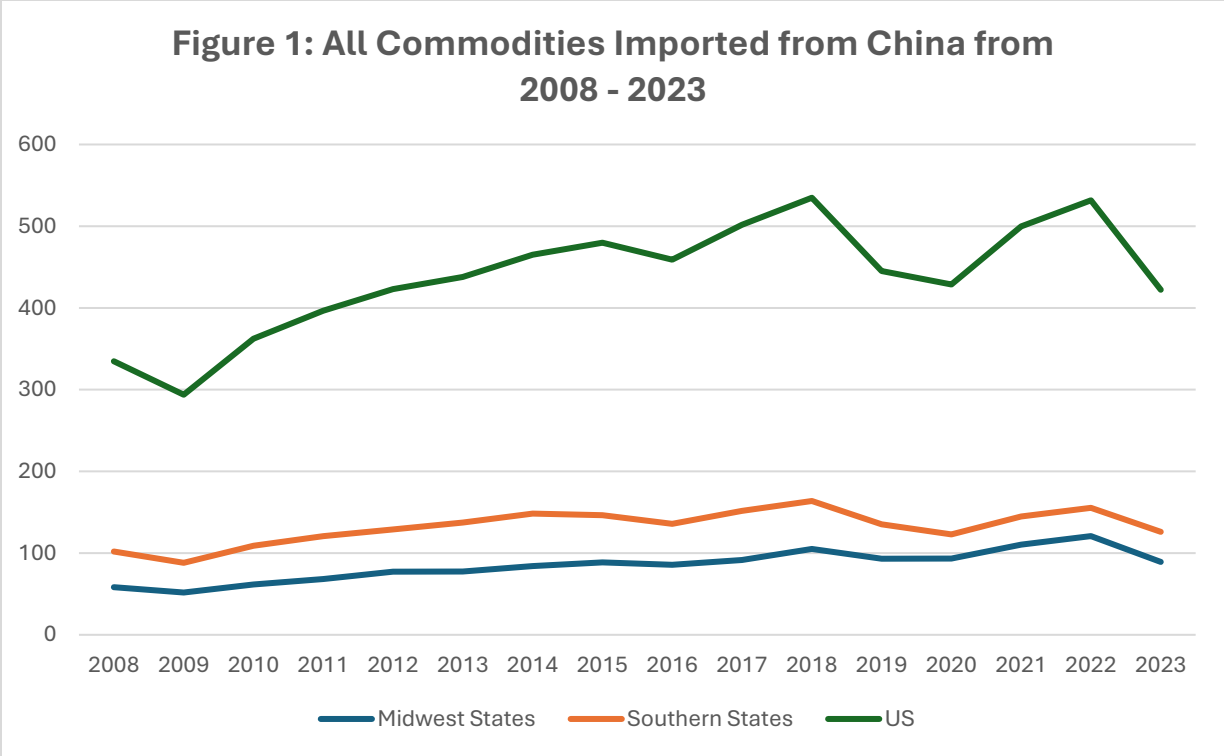
Although the growth in imports from China has created challenges for domestic manufacturers in the Midwest competing against lower-cost Chinese production, it has provided both domestic households and firms with lower prices for imported goods, cheaper intermediate components and parts, and access to the burgeoning Chinese market (Liao et.al, 2003).

Trade agreements within North America, specifically the North American Free Trade Agreement (NAFTA), have also shaped the economies of participating countries in different ways, such as reducing prices in consumer goods and creating jobs in some export-centered industries (Floyd, 2024). However, NAFTA has faced criticism for contributing to job losses in the manufacturing sector and displacing non-college-educated workers as employment opportunities shifted to Mexico. These purported downsides explain NAFTA’s replacement with the United States-Mexico-Canada Agreement (USMCA), which was ratified by all three countries in March 2020.

This paper will examine the shift in the U.S. trade strategy, specifically focusing on the extent to which the Midwest and South’s economies have transitioned from heavy reliance on Chinese imports to greater engagement with Mexican trade because of increased tariffs between the U.S. and China.

### ***A shift in supplier***

First, it is crucial to examine the growth in the U.S.’s imports from China and Mexico. The data below is collected from USA Trade Online provided by the U.S. Census Bureau. The commodities’ values are shown in billions of dollars.



Figures 1 and 2 illustrate the value of all commodities imported from China and Mexico from 2008 to 2023. Overall, the US's total imports from China increased steadily from 2008 until peaking around 2018 with a significant decline and fluctuation afterward. This is likely



due to a shift in trade policy (e.g., US-China “trade war” and tariffs) and supply chain adjustments. On the other hand, imports from Mexico grew gradually during the observed period. Noticeably, between 2018 and 2023, US’s imports from Mexico grew 40% from 340 billion to over 470 billion.

More importantly, Southern states consistently import more than Midwest states from both China and Mexico, but the two regions follow similar overall growth trends. However, between 2020 and 2023, imports from Mexico grew more in Southern states (58%) compared to the Midwest (48%), which may be attributed to Southern states’ proximity to Mexico and trade disruptions during the global pandemic. These factors have made Mexico a more appealing and reliable supplier in recent years.

***The US-China Trade War***

The U.S.-China trade war began in 2018 when the Trump administration imposed tariffs on Chinese goods to respond to the U.S.’s trade deficit with China while accusing China of intellectual property theft and unfair trade practices. Over subsequent years, escalating tariffs have distorted global supply chains, increased costs for businesses and consumers, and strained bilateral relations. The Tax Foundation reports that “tariffs on steel, aluminum, washing machines, solar panels, and goods from China [affect] more than \$380 billion worth of trade at the time of implementation and amounting to a tax increase of nearly \$80 billion”. As of 2024, the trade war policies add up to \$79 billion in tariffs.

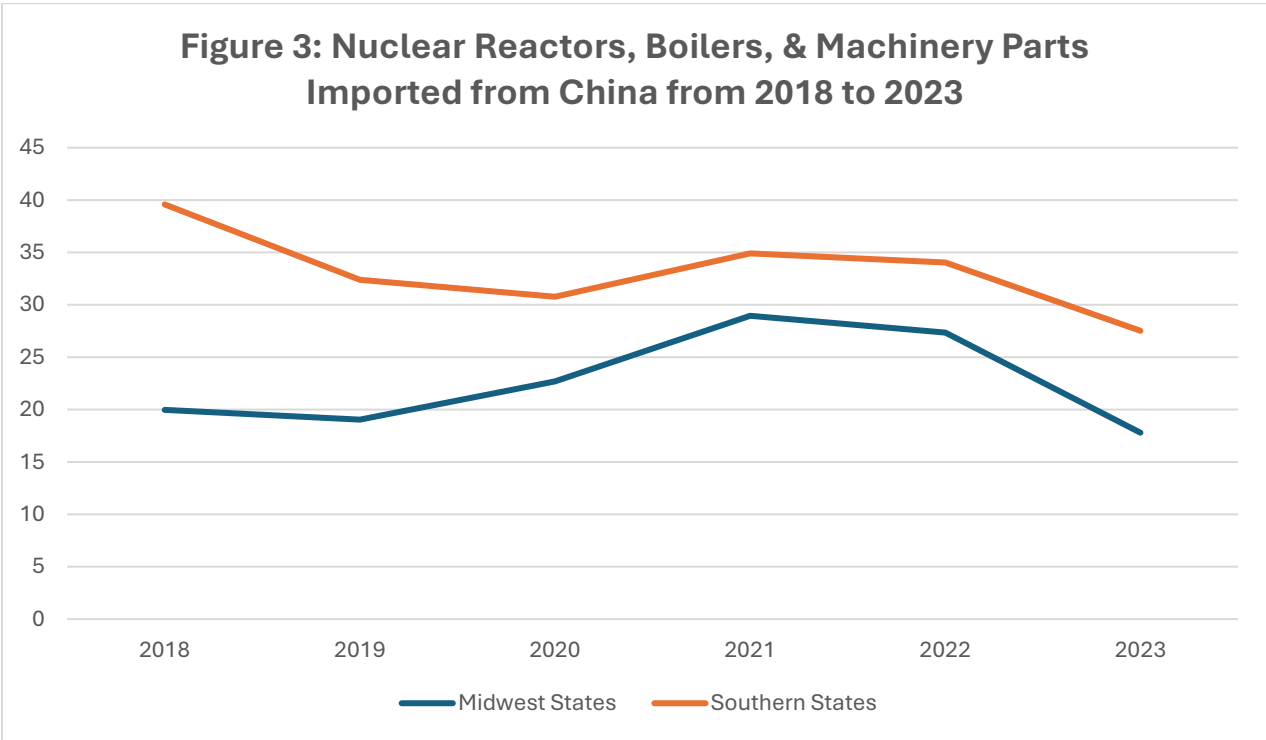
The table below provides the top 10 most highly tariffed products from China after the trade war began using data from the World Integrated Trade Solution (WITS) provided by the World Bank.

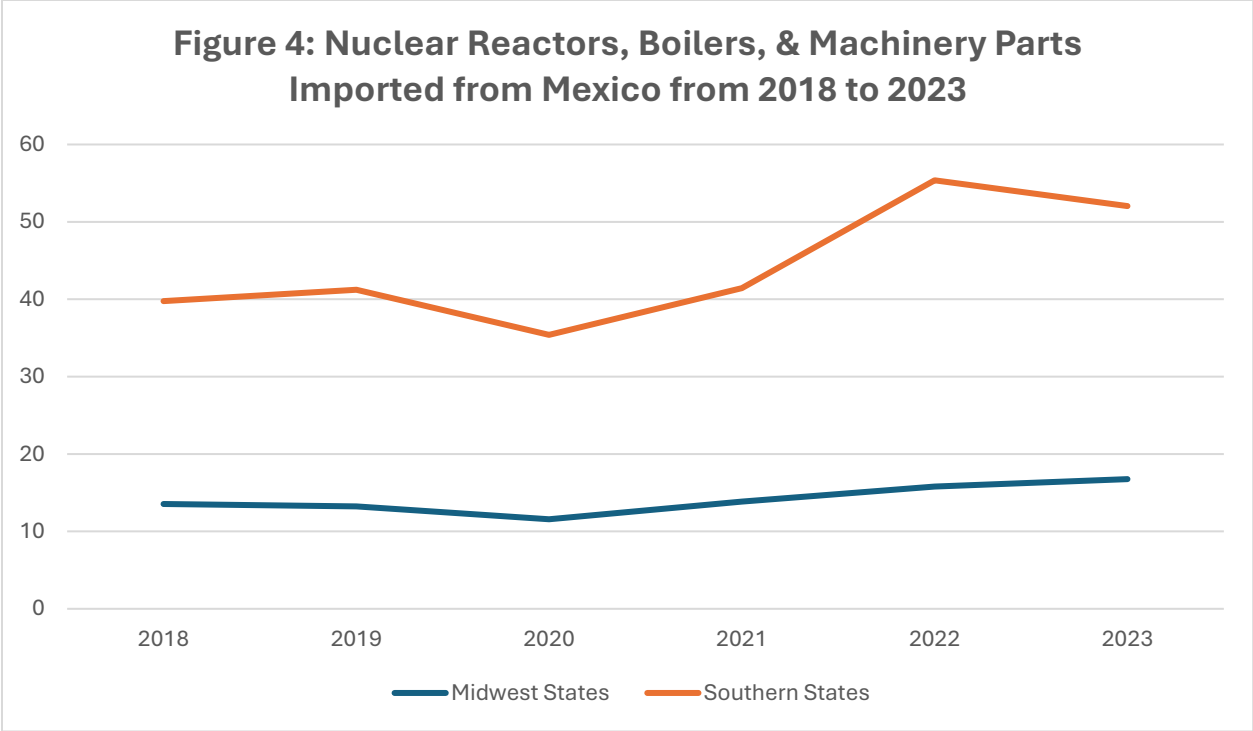
<b>Top 10 highest AHS products from China</b>	
<b>Mach. and Elec.</b>	68.44%
<b>Fuels</b>	46.32%
<b>Capital goods</b>	39.54%
<b>Stone and Glass</b>	25.98%
<b>Intermediate goods</b>	23.61%
<b>Raw materials</b>	17.65%
<b>Transportation</b>	14.45%
<b>Plastic or Rubber</b>	11.11%
<b>Metals</b>	10.25%
<b>Hides and Skins</b>	7.40%

These tariffs are significant for both Midwest and Southern states. Since both regions' economies rely heavily on industries like automotive and manufacturing, which benefit from machinery and electronics, capital goods, and raw materials imported from China, increasing tariffs on such products have led to meaningful supply chain distortions.

Gachúz (2022) reports that “in 2019, for the first time, Mexico surpassed China in trade with the United States, reaching a historic commercial exchange of USD 614 billion”. In 2019, the most important exports from Mexico were based in the manufacturing sector: “vehicles (USD 93 billion), electrical machinery (USD 64 billion), machinery (USD 63 billion), and optical and medical instruments (USD 15 billion)”, while the main import categories from China were: “electrical machinery (USD 125 billion); machinery (USD 92 billion); furniture and bedding (USD 27 billion); toys and sports equipment (USD 25 billion); and plastics (USD 18 billion)”.

**Current Trends**

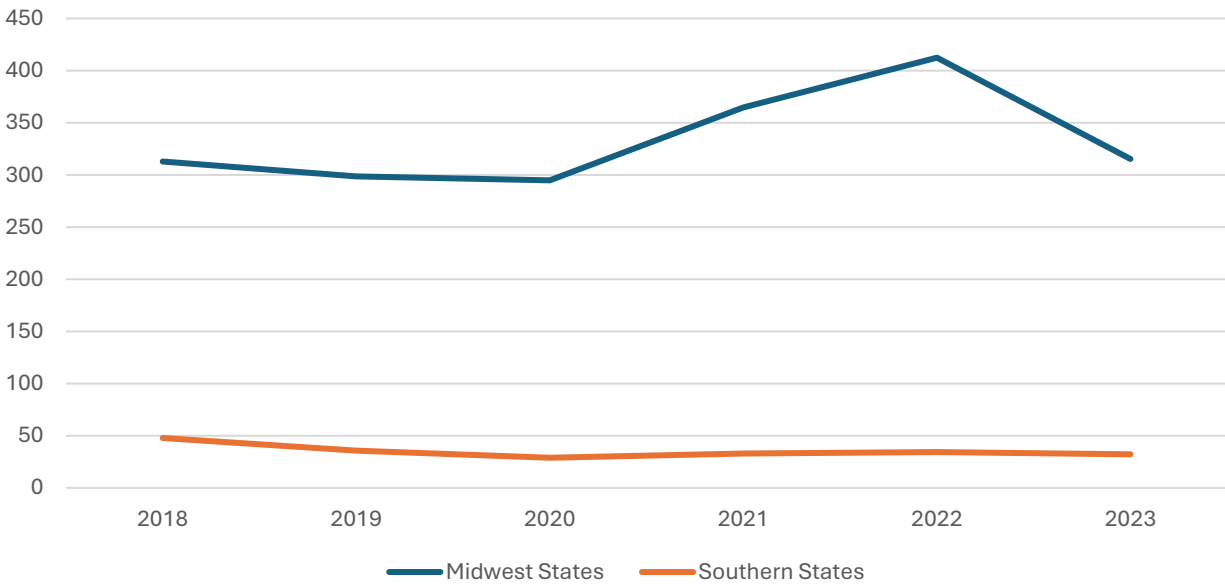




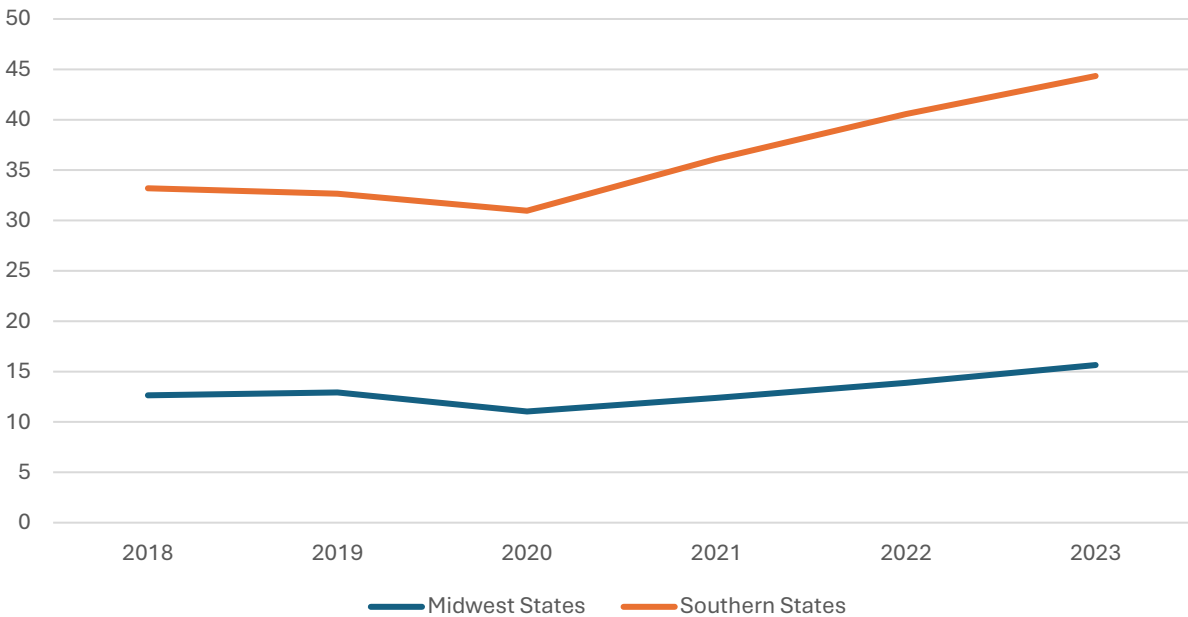
Figures 3 and 4 show nuclear reactors, boilers, and machinery parts Imported from China and Mexico from 2018 to 2023. Imports from China to both Southern and Midwest states steadily declined with a steeper downward trend after 2021 onwards, very likely due to the global pandemic.

It appears that Southern states have been impacted more by tariffs on these products, as imports from China declined 30%, while the Midwest has only experienced minor fluctuations. However, the South also experienced a surge of over 30% in imports from Mexico, which exactly offsets the decrease in imports from China in dollar terms. On the other hand, the value of Mexican imports to the Midwest remained relatively stable. Nonetheless, between 2021 and 2023, the Midwest’s imports from China declined by almost 40% (from nearly 30 billion to 18 billion). Meanwhile, imports from Mexico only increased 24% (from nearly 14 billion to almost 17 billion). This indicates that the Midwest has not fully offset its reliance on Chinese imports with an equivalent increase in Mexican imports, unlike the Southern states.

**Figure 5: Electric Machinery, Sound & Tv Equip and Parts Imported from China**



**Figure 6: Electric Machinery, Sound & Tv Equip and Parts Imported from Mexico**



Figures 5 and 6 illustrate electric machinery, sound and TV equipment and parts imported from China and Mexico between 2018 and 2023. Imports from China to the Midwest states significantly increased between 2019 and 2022 but declined by to around \$350 billion by

2023. In contrast, imports to the Southern states from China remained consistently low, staying under \$50 billion throughout the period, with little fluctuation.

Yet, imports from Mexico tell a different story. The South saw a steady and substantial increase in imports, growing by almost 34% from over 30 billion in 2018 to nearly 45 billion in 2023. Meanwhile, the Midwest experienced a more modest increase of 24%, rising from almost 13 billion to just over 15 billion during the same period. This reflects a significant shift toward sourcing electric machinery and related equipment from Mexico in the South, while the Midwest appears less engaged in diversifying its supply chain in this sector.

### ***Conclusion and Further Research***

This op-ed highlights a notable shift in U.S. trade strategy, particularly within the Midwest and Southern states, in response to tariffs and trade tensions with China. Southern states have shown a stronger capacity to diversify their trade relationships, with imports from Mexico increasing significantly to offset declines in Chinese imports, especially after the global pandemic. Conversely, the Midwest has not matched this transition as effectively, demonstrating persistent reliance on Chinese imports despite a moderate increase in trade with Mexico. These trends suggest that geographical proximity, economic reliance on specific industries, and the adaptability of local supply chains play critical roles in determining how different regions adjust to global trade disruptions.

With the possibility of a universal tariffs on China being during the second Trump administration, further research can focus on their impact and outcome. Additionally, it is important to analyze the critical role of tariff retaliation from China imposed back on the US's products, specifically in the agricultural industry, which also contribute greatly to the Midwest's overall economy. With the current tariffs still in place, USMCA, and migration towards the South due to its expansion in manufacturing, such tariffs will be likely to cause severe harm to the Midwest's economies.

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