

ECON MATTERS

Newsletter of the Dept. of Economics, University of Memphis

"The ideas of economists, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else." John Maynard Keynes

FCB&E, ROOM 400—678-2785

SPRING 2011

FROM THE CHAIR

As another school year comes to a close I'd like to look back at the things we have accomplished this year.

Dr. Julie Heath is meeting with Tina Tchen, Assistant to the President, Chief of Staff to First Lady Michelle Obama & Executive Director of the White House Council on Women and Girls on May 17. She is also meeting on May 19th with Joshua Wright, the Executive Director of the Office of Financial Education, U.S. Department of the Treasury. Both meetings are to discuss possible expansion of the Smart Tennessee program. We couldn't be more proud of Dr. Heath and the national exposure her programs are receiving.

Two of our professors have received national exposure for their research. One of Andrew Hussey's papers about MBAs was discussed recently in the Boston Globe, <http://www.slate.com/id/2292498/>. He found that men who have more ethical character and who have received training in ethics in business school earned less than men who had lower ethical character or who had not received training in ethics. However, the result is reversed for women: ethical character and training are positively correlated with earnings for women.

A discussion of one of Alex Nikolsko-Rzhevskyy's papers with Dave Pappell (a famous professor at the University of Houston) appeared on Econbrowser, a very influential blog on economic policy, http://www.econbrowser.com/archives/2011/05/guest_contributor_10.html. Their paper is a very careful study of "Taylor rules," simple formulae that describe what central banks do, or should be doing. Their results bear directly on a current, heated debate between Ben Bernanke, the Chairman of the Federal Reserve, and John Taylor, a prominent macroeconomist at Stanford, about the desirability of quantitative easing. Taylor has commented on their paper on his own blog, <http://johnbtaylorblog.blogspot.com/2011/05/new-study-questions-justification-for.html>. As his name suggests, Taylor was the guy who created the "Taylor rule" to start with. (see http://en.wikipedia.org/wiki/Taylor_rule in case you are interested).

Our students are doing extraordinarily well. Terrance Garret dropped by to say farewell before he left for his summer internship in Washington. This fall he will start at Harvard Law School.

Michael Jetter has just accepted a position as an Assistant Professor at the Escuela de Administración y Finanzas e Instituto Tecnológico (EAFIT), a university in Medellin, Columbia. Michael is starting a promising career as a teacher and researcher.

Sergio Mendoza is now completing a double major in Economics and Mechanical Engineering. He has just been accepted into the master's program in Mechanical Engineering at Penn State. He will be studying alternative energy and power generation. He says that the interviewers at Penn State were particularly impressed with his training in economics, since economic factors will play such a vital role in the development and implementation of new energy sources.

News of an alumnus: George Monger was just sworn in as a new Commissioner of The Shelby County Election Commission. Those of you who read the *Flyer* will know that George is a rising star of the local Democratic Party.

It seems like every year there are more and more of our majors who are interested in pursuing graduate studies in economics. I'd like to point out that our department seems to have a comparative advantage in sending students on to PhD programs. This was just a hunch, but I recently discovered a paper by John Siegfried and Wendy Stock, "The Undergraduate Origins of PhD Economists" <http://www.vanderbilt.edu/Econ/wparchive/workpaper/vu06-w11.pdf> that proves it. Over the period from 1997 to 2003, one in ten of our majors went on to get PhDs in Economics. Adjusting for program size, this made us one of the top producers of future Economics PhDs in the country! We are, as Siegfried and Stock put it, one of the departments that "... produce a remarkable number of PhD economists from a relatively small pool of economics majors."

On a final note, our department secretary, Janis Lamar, received her second richly deserved Outstanding Employee Award. Anyone with any experience of our Department knows that it is Janis who actually makes it work.

Kudos to everyone! Have a great summer - relax and enjoy. We look forward to the fall semester.

Dr. William T. Smith, Interim Chair

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In the News

Advice for Aspiring Economists

This article was adapted from Greg Mankiw's blog at: <http://gregmankiw.blogspot.com/2006/05/advice-for-aspiring-economists.html>

Dr. Mankiw is a professor of economics at Harvard University and former head of the Council of Economic Advisors.

A student from abroad emails the following question:

Do you have some hints for me, how to become a good economist?

Here is some advice for, say, an undergraduate considering a career as an economist.

1. Take as many math and statistics courses as you can stomach.
2. Choose your economics courses from professors who are passionate about the field and care about teaching. Ignore the particular topics covered when choosing courses. All parts of economics can be made interesting, or deadly dull, depending on the instructor.
3. Use your summers to experience economics from different perspectives. Spend one working as a research assistant for a professor, one working in a policy job in government, and one working in the private sector.
4. Read economics for fun in your spare time. To get you started, here is a list of recommended readings:
 - Milton Friedman, Capitalism and Freedom
 - Robert Heilbroner, The Worldly Philosophers
 - Paul Krugman, Peddling Prosperity
 - Steven Landsburg, The Armchair Economist
 - P.J. O'Rourke, Eat the Rich
 - Burton Malkiel, A Random Walk Down Wall Street
 - Avinash Dixit and Barry Nalebuff, Thinking Strategically
 - Steven Levitt and Stephen Dubner, Freakonomics
 - John McMillan, Reinventing the Bazaar
 - William Breit and Barry T. Hirsch, Lives of the Laureates
5. Follow economics news. The best weekly is The Economist. The best daily is the Wall Street Journal.
6. If you are at a research university, attend the economic research seminars at your school about once a week. You may not understand the discussions at first, because they may seem too technical, but you will pick up more than you know, and eventually you'll be giving the seminar yourself.

You may find some other useful tidbits in this paper of mine:

http://www.economics.harvard.edu/faculty/mankiw/files/My_Rules_of_Thumb.pdf

Updates: Here is some advice from Susan Athey about applying to grad school in economics:

<http://kuznets.fas.harvard.edu/~athey/gradadv.html>

And here are the criteria a top economics PhD program uses in determining admissions:

<http://www.econ.berkeley.edu/econ/grad/admit-criteria.shtml>

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Urban and Regional Economics

ECON 3025

TR 1:00 p.m-2:25 p.m.

Examines issues relevant to cities, including the reasons why cities exist, how economic activity is organized within cities, as well as a host of topics, such as transportation, poverty, crime, economic development, and public finance. This class is taught by Dr. Doug Campbell.

Economics of Sports —

ECON 3123

TR 9:40 - 11:05

Is equal team playing skill the talent distribution that maximizes fan welfare? Does the player draft system help to equalize team playing strengths? What is the rationale for cities building stadiums at tax payer expense and renting them to teams for \$1? Elevate your sports expertise beyond “bar talk” and be able to analyze sports analytically. Taught by Dr. Julie Heath.

Labor Economics — ECON 3210

TR 11:20 - 12:45

Introduction to institutional aspects of American labor force and its organization wage and employment theory, economic role of collective bargaining, and basic ingredients of public policy toward labor organization. Taught by Dr. Andrew Hussey. Principles of Macroeconomics is the prerequisite.

Intermediate Microeconomic Theory

ECON 3310

TR 2:40 - 4:05

Learn more about how individuals and firms make optimal decisions, especially with respect to resource allocation. Emphasis on application of economic analyses to public policy issues. This is a required course for majors, offered every fall. The prerequisite is principles of microeconomics. This class is taught by Dr. Hussey.

Money and Banking — ECON 3610

M 5:30-8:30

What is the relationship between the central banks and the other banks in the U.S.? Outside of the U.S.? How do the deposits and earnings operations of banks fit into the larger economy? This class is taught by Mr. Richard Marsh, the Senior Vice President of Suntrust Bank. Principles of Macroeconomics is the prerequisite.

After the Deluge: Economics After
the Financial Crisis of 2007-2010
ECON 4761 -Online course

The course presents a brief historical background to the Great Meltdown of 2008 and then offers an alternative perspective for understanding the crisis. Taught by Dr. John Komlos, Professor Emeritus of Economics, University of Munich.

Econometrics

ECON 4820

MW 2:20 - 3:45

Introduction to statistical procedures used to estimate and test quantitative economic theories, using micro-computer software for regression analysis. Taught by Dr. Edward Hoang

Interested in our MA program? Check out http://economics.memphis.edu/acad_index.html

How about our PhD? Try http://economics.memphis.edu/acad_index.html

A wonderful website with lots of information about PhD programs nationwide is <http://www.econphd.net/>



SPOTLIGHT ON...



Osman Gurel Gursakal *Alumnus*

What degree or degrees did you receive from UM? When?

I received a Bachelor of Business Administration degree with a major in economics and minor in mathematics in 2005.

What was your first job after graduation?

My first full-time job upon graduation was in the pension actuarial field as an analyst.

What is your current job? What are your current plans?

I currently work as a retirement actuarial analyst for a consulting firm, focusing in retirement plan administration and actuarial valuations.

Why did you study economics?

I've always been interested in economics, but I decided to major in it after taking a highly enjoyable intro to macro class from Dr. Gootzeit. The logical and relevant nature of the subject matter really appealed to me.

What were some of your favorite courses or professors?

My favorite professors were Dr. Smith and Dr. Gootzeit. I also enjoyed taking classes from Dr. Nocetti and Dr. Echazu who were then PhD students. I believe economics is one of the best majors in the business school since the department is made up of professors who are both competent and interested in their students

to an extent hard to replicate in other, larger business departments.

How has an economics degree benefited you?

From a career perspective, the economics degree has allowed me to realize my goal of full-time employment as an analyst. I found that an economics degree along with a minor in mathematics made me an attractive candidate for analytical positions. Studying economics has also benefited me by giving me a foundation for understanding the business environment, both at the micro and macro levels. Life is full of choices, and studying economics teaches one to approach decision making in a logical manner.

What advice would you give students who would like to enter your field?

I would recommend the following, among other things: 1) Keep your grades up and major or minor in math and economics. This will make you an attractive candidate for an internship. 2) Try your best to obtain an internship in the field prior to graduation to see if the field represents a good match with your interest and abilities. 2) If you decide you want to pursue a career in the field, take and pass as many math courses and actuarial exams as you can prior to graduation. Life only gets more complicated as time goes along. 3) Strive to become a well-rounded individual by exercising/developing communication and leadership skills in addition to technical skills.

How High's the Water?



Former student Lloyd Calhoun, at his weekend cabin near Gunnison, MS. during the recent historic flood of the Mississippi River.

Tarah Kerr was named our Outstanding Undergraduate Student in Economics this year. She has been admitted into the MA Program in Economics at the University of California, Santa Barbara. UCSB is a top tier department, with Nobel laureates on the faculty. I have a sneaking suspicion that Tarah will end up with a PhD from a major school. Weiwei Chen and Greg Lubiani were awarded the Barbara Tuckman Fellowship and Michael Jetter was named our Outstanding Graduate Student.

The following students were inducted into Omicron Delta Epsilon, the honor society in economics at the annual ODE luncheon on April 12, 2011:

Adam Odum
Lingqu Lou
Gene Goodwin
Daniel Albright

Undergraduate students must have an overall GPA of 3.0. In addition, students must have a 3.0 average in at least 12 hours of economics courses. Graduate students must have at least 9 hours of economics overall and a 3.0 average.

CONGRATULATIONS



SPOTLIGHT ON...



Sergio Mendoza
Econ Major

Tell us about your life. Where did you grow up? Tell us about your family.

I grew up in “Colombia’s Beautiful City”, Bucaramanga, which is the fifth largest city in the country and an amazing place to grow up. With a strongwilled population, Bucaramanga is host for different industries such as tourism, finances, healthcare and power generation. I graduated from “Colegio San Pedro Claver”, an institution recognized for its humanistic profile and the excellence of its academic program. With only one sister, I am the youngest member of a family of four. I am a firm believer that family life allows one to develop basic elements like trust, ethics, leadership, mutual dependency, and respect.

What made you want to become an economics major?

Growing up in a country with an emergent economy and an agitated political atmosphere incentivized me to develop a passion for Economics at an early age. Despite the polarization that political and economic debate generate, I was always encouraged at school and home to participate in such conversations and, most importantly, to be informed of Colombia’s and the world’s current situation. Moving to the U.S. when I was seventeen allowed me to analyze the differences in production and consumption between these two societies, thus, enforcing my passion for economics.

What have been your favorite courses?

As an undergraduate student, I was attracted by two areas of economics, macroeconomics and behavioral economics. Therefore; my favorite courses were; International Monetary Theory, Intermediate Macroeconomics, and Sex, Drugs and Rock and Roll. In this last class, we had the opportunity to develop a project in which we analyzed the economic causes and consequences of a social issue. My group analyzed the relationship between social capital, HIV/AIDS and economic inequality in different countries.

What do you plan to do after you graduate?

I have been accepted to the master’s program in mechanical engineering at Pennsylvania State University. My goal is to do research in the area of alternative energy and power generation.

Why do you think studying economics is important?

I believe in the multidimensionality of human beings and the need to develop each of those dimensions. Studying economics is an opportunity to understand social phenomena and determine the economic and social consequences of political, environmental, and cultural shocks.

CHECK IT OUT

<http://econjwatch.org/articles/economics-professors-favorite-economic-thinkers-journals-and-blogs-along-with-party-and-policy-views>