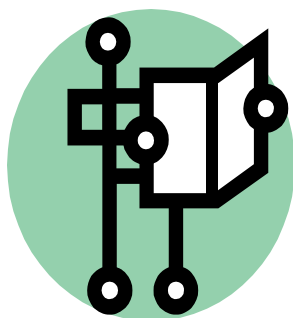


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Department of Economics



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What are you reading?

We all love a good story. Humans have a long history of telling stories to carry on oral histories or legends. We also find great es-

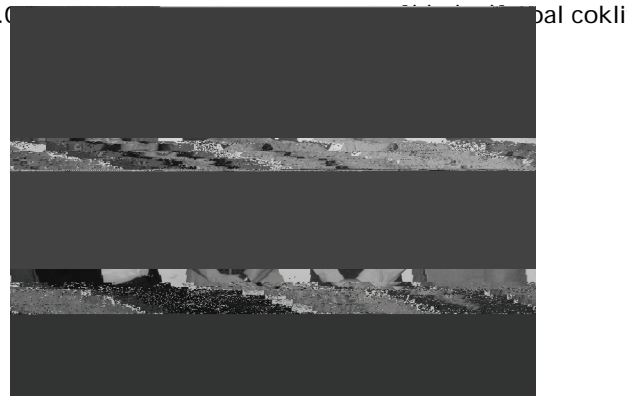
Radell reviews a few prominent books that seek to influence economic and social policy. We find that we cannot always trust the storyteller or his or her agenda. Dr. Jack Julian reviews two popular books where the storytellers offer insight as to how people behave in diverse settings with no agenda but their own. You will certainly come to identify with some of the characters and you will certainly find yourself having experiences along their plot lines.

We hope you continue to read works related to economic ideas. The tools learned as a student may become dull if they aren't sharpened from time to time. We often need to be reminded of the good stories we heard and read while in class. You may be surprised by how much you remember. We hope we can add something to your summer reading list.

Faculty awarded research grant

Two faculty members of the Department of Economics were recently awarded a \$35,000 grant to study problems in rural Pennsylvania. **Dr. David Yerger** and **Dr. Jack Julian** received the grant to fund research on the status of unemployment and underemployment in rural counties. Drs. Yerger and Julian will examine the causal links between self-reported underemployment and a variety of socio-economic variables. The results will be used to tabulate age-adjusted estimates of unemployment and underemployment at the county level. The grant comes for consideration by the state legislature, a bipartisan, bicameral legislative agency that serves as a resource for rural policy within the Pennsylvania General Assembly.

The results of the study should serve many purposes.



(from left) Ms. Mary Kandray Gelenser (Center for Rural PA), Dr. David Yerger, Dr. Jack Julian, Mr. Barry Denk (Center for Rural PA).

What does a business executive with a Master's degree in English, a Senator who lost an election while getting over 500,000 more votes than his opponent, and a mechanical engineer from Michigan have in common? Answer: they were all non-economists who viewed professional economists as some combination of incompetent, obtuse, dishonest, ignorant, or "almost always wrong." I'll deal separately with each of these writers who, by their ways and words, thought they were launching a "frontal assault on economics (Hudson)." Each felt that acknowledged success in their chosen fields qualified them to pass judgment on economics and economists. And each showed at least a touch of resentment at the respect that economists have had in some circles.

William J. Hudson's *Business Without Economists*

the result of good, solid economic modeling without the interjection of the political correctness that was short-circuiting the OMB models of the early Reagan administration. It is ironic that Hudson used the conspicuous failure of David Stockman, a non-economist, as evidence that economists didn't know what they were doing, while ignoring the successful forecasts of Alice Rivlin, an economist.

Theodore R. Thoren's, "Space Age Technology Can Correct the Money System," *The Bent of Tau Beta Pi* (Engineering fraternity), expressed the idea that economists are responsible for every inflation wave and every recession. Thoren, a mechanical engineer, stated that economists built a "defective bridge" in 1913 (the monetary system under the Federal Reserve) and it "collapsed in 1920, 1929, 1958, 1962, 1973, and 1980-82." Thus, economists were obviously incompetent and should become more like "professional engineers" who "are required to be right." Our system is defective, according to Thoren, because banks create money by loans, thus creating a huge overhang of debt and "usury." If only we could think like engineers, we economists would expand the money supply by a scientific

The Department of Economics is deeply saddened to report that **Mr. Stephen B. Ware** passed away in February 2006. Steve, known for his love of tennis and dogs, was a vital part of the Department from 1969 to his retirement in January 1999. He will be missed.

Marvin Huff recently stopped by the Department to say hello. He is enjoying his retirement (10 years this year!) by traveling, shooting, fishing, and crabbing. Marvin and his wife Edna now reside in sunny Florida.

Dr. Todd Potts and **Dr. David Yerger** presented "Changes Over Time In Texas' Responsiveness to Monetary and Oil Price Shocks" at the Southwestern Economics Association annual meeting in San Antonio, TX, in April. Dr. Potts also served as chair of the session on Energy and Petroleum Economics at the meetings.

At the Southern Economic Association's annual conference in November 2005, **Dr. Stephanie Jozefowicz** and junior **Zoë Thorkildsen** presented "The Importance of State-Level Analysis of Educational Production Functions." Also at the Southern meetings, **Dr. James Jozefowicz** and senior **Vanessa Wayne** presented "Bringing Faith Into the Picture: Socioeconomic and Religious Determinants of Youth Alcohol Consumption and Binge Drinking."

Dr. Todd Potts "Money, Consumer Durables, User Costs, and the Forward-Looking Theory of Consumption" forthcoming in *Journal of Economic Dynamics and Control* (with William D. Lastrapes, University of Georgia).

Dr. David Yerger and **Dr. Todd Potts** "Province Specific Measures of U.S. Growth and Linkages with Provincial

News from the Center for Economic Education

The IUP Center for Economic Education is an outreach division of the IUP Department of Economics. Affiliated with *EconomicsPennsylvania*, and the National Council on Economic Education (NCEE), the central purpose of the network is to promote economic literacy. The network strives to develop curricula and programs to equip teachers, grades K-12, with the necessary tools to get economics and personal finance into classrooms and to motivate students to apply sound decision making to their lives. The IUP Center services Cambria, Indiana and Westmoreland counties.

The Center is led by co-directors Dr. Jim Jozefowicz and Dr. Stephanie Jozefowicz, both associate professors in the Department of Economics. Ms. Carol Occhuizzo has come on board this year as Field Consultant. Carol brings abundant talents, first-hand high school teaching experience, and a charming personality. (See news item in the Fall 2005 newsletter.) The IUP Center, as well as the other 13 Centers for Economic Education across Pennsylvania, offer myriad programs for teachers and students throughout the year. Annual programs include The Stock Market Game (SMG) (fall/spring), the Business Plan Competition (spring), and the Economics Challenge (spring). Teacher workshops are planned throughout the year at various sites in the Center's service area and in conjunction with nearby Centers. Act 48 credit (continuing education required for teaching certification renewal in Pennsylvania) is granted to workshop attendees. Workshops feature interactive lesson demonstrations, and showcased curricula are given to participants.

Carol Occhuizzo has met with Westmoreland and Indiana County curriculum directors and superintendents to strengthen the relationships among the schools, administration, and the Center. Area political leaders including Rep. Dave Reed, Sen. Don White, and Rep. Jess Stairs have partnered with schools in their respective districts as part of the SMG competition this spring. Summer plans for the Center include the Summer Honors Program in Economics, for which high school students come to campus for a week-long residential program to gain exposure to a broad range of economic concepts and applications.

The Center is also developing a curriculum package that explores economics in multicultural





The Department of Economics at IUP considers its alumni a valuable resource. We encourage former students to share with current students how they apply their economic studies in their jobs and their lives. If you plan to be in the area and wish to meet with students, please contact Dr. Nicholas Karatjas (Nicholas.Karatjas@iup.edu) or call (724



Department of Economics

Name

Address

Phone

Email Address

Graduation year, degree earned

Current Employer

Interesting tidbits about yourself since IUP

Please remove me from your mailing list

Alumni News

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