

# Economics

Department Alumni Newsletter

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## *Students are great*

Usually. Do they always stay awake in class? Do they always appreciate the true beauty of profit-maximization graphs? Do they always set their priorities as we would like? Of course not. But, neither

And, they keep us on our toes.

## *Safety in Numbers?*

Like all hot-blooded American males, I speed. Not too much. Cruise control keeps me close, but I do speed. Whizzing along a highway posted at 65 miles per hour, I set my cruise at 68 miles per hour. Will the extra three miles per hour get me pulled over by the local constabulary? Not so far.

police officer bother with me when others are travelling even faster? And how many cars can an officer stop? There is safety in numbers.

Speeding is not the sole example. As a pedestrian, I am reluctant to cross against a light except when in New York City. In New York, no one pays attention to DO NOT WALK signs. Neither do I. They

## Bloody murder

Yes, murder. Murder as in *bang, bang, you're dead*. If New York's reputation for jaywalking is poor, it is even worse for such violent crimes as murder. The Big Apple homicide rate is three times that of the U.S. in general. Why? Perhaps it is because the justice system is congested with jaywalkers. Or, maybe it is just too much spicy food.

Colombia is worse. No matter how daunting a dark dash through Central Park may seem, compared to one in the country of Colombia, it is like a Sunday afternoon stroll down main street Mayberry. Homicide rates in Colombia, generally considered the world's most violent country, are quadruple the NYC level and are some 50 times higher than those generally found in Europe. Colombian rates for carjackings, kidnappings and thefts are similarly high.

Until the late 1970s Colombia was relatively peaceful. It was democratic with few racial or religious tensions to fuel violent conflicts. Do you remember the television commercials of Juan Valdez and his burro ambling through mountain fields, carefully picking only ripest coffee beans for your morning brew? Juan's modern counterparts are likely to be toting automatic weapons.

Why? What happened? The easy answer is cocaine. After a right-wing military coup drove drug traffickers from Chile in the 1970s, the displaced dealers shifted operations to Colombia. Violence erupted as rival firms vied for market share. Bullets to the brain proved a quick and effective way to eliminate both competitors and uncooperative government officials. However, once cartel power became firmly established, drug violence subsided. With all competitive threats literally buried, the market stabilized.

But what if the violence is associated now with drugs or the continuing

spending. Spending begets more spending.

The policy message is clear. To avoid spiraling crime, nip it in the bud. Hit it hard. Hit it early. Swift

Strike enough? Maybe not. The day after drafting this article I found myself driving in downtown

pharmaceutical firms for health-care R&D spending for 1999.

These statistics however do not tell the entire story. Companies must bear a great deal of risk and

is very sensitive to policies that will adversely affect revenue and profitability, thereby impacting the ability to put resources into R&D.

*If it is possible, we will make these resources available and accessible.*

*Economics in the Woods*

by

Dr. James J. Jozefowicz

Picture this. Drs. Willard Radell, Yaw Asamoah, Stephanie Brewer and myself tripping along a narrow wooded path up a hill on a beautiful sunny July afternoon with a gaggle of high school students in tow. As we walk, we imagine traders from the Delaware and Seneca and Shawnee tribes carrying furs and other cargo from Frankstown to Kittanning along this same path one thousand years ago. Where are we? On a remnant of the Frankstown-Kittanning Path, of course!

Wait a minute. Economists in the woods? Economists in the woods with high school students? What's

hot dogs, hamburgers, and cold hard cash are a winning combination with high school students.

The students thoroughly enjoyed their time with us and we enjoyed them. In the words of one participant, "I loved learning about economics. It was new to me when I came here, but I found it very

interesting."

The program has proved to be a very successful recruitment tool for IUP. Eleven students involved in the 1990 Student Leadership Program in Economics entered IUP this fall as freshmen. Three of the



ourselves.

And in order for our scheduled appointment at the NYSE, we checked out the educational film and