

rior to the introduction of the video
cassette recorder (VCR) in 1980,

less burdensome to consumers. Data indicates near-total penetration of VCRs into television households was achieved by the end of 2001, since 91.2% of television owners also owned a VCR (MPAA, 2002). Consumers subsequently adopted DVD player technology relatively quickly. Bakalis (2003) points out that by 2003, roughly 50 million Ameri-

Movies: Video Rentals

home-viewing.

According to our analysis, critical reviews do not mat-
-making. This result suggests that consumers may be more likely to take a chance renting a lower-quality film, perhaps due to its low price. Other researchers have hypothesized that the opinions of professional movie critics do not necessarily mirror those of the layman, and that might explain our finding. In addition, we discover that approbation from the movie industry as indicated by film award nominations has little influence on renters. Similarly, consumers may not use the same word-of-mouth information passed on from theater-goers when making rental decisions. Due to the relatively low financial risk associated with renting, consumers may be less inclined to seek and/or heed the advice of others.

According to our findings for the impact of personal income on VHS rental revenue, renting a videocassette is an inferior leisure activity with an income elasticity of roughly -5.2. This is logical, because viewing technology has advanced beyond VCRs to DVD players. People with higher incomes choose the more advanced technology.

here is a great amount of hand-wringing in Washington about the impossibility of simultaneously applying fiscal stimulus and making progress towards balancing the budget. Simply cutting taxes collected will stimulate the economy, but by immediately adding to the deficit we would risk a run-

the left of both DF and AB showing fiscal policy combinations that stimulate GDP while increasing the deficit.

Point R represents a fiscal policy combination advocated (but never implemented) by President Reagan that called for tax increases in 1982 of \$100 billion (implemented), coupled with government spending cuts of \$300 billion (not implemented). It would have been recessionary while reducing the budget deficit.

Point Z represents the approximate situation reported from the second quarter of 2008 to the second quarter of 2009. In that period (according to the Bureau of Economic Analysis), government spending increased by \$225 billion and taxes collected dropped by \$270 billion (Table 3.1). That increased the budget deficit while stimulating the economy.

Faculty Notes

Retired faculty member **Mr. Harry G. Holt** stopped by the department in September. He was on campus to distribute Gideon Bibles, which he does on an annual basis. Now a grandfather of three, Mr. Holt says he spends a lot of time traveling. In fact, he and his wife had just returned from visiting their daughter and her family in Kentucky. Mr. Holt, who retired in 1999, says he is still as busy as ever and keeps in shape by being on a daily exercise regime. With his four children scattered all over the U.S., he said a family reunion is planned in the near future.

Dr. James J. Jozefowicz was elected President and **Dr. Stephanie M. Brewer Jozefowicz** was elected Secretary of the Pennsylvania Economic Association (PEA) at the Annual Conference held at Grove City College in June 2010. **Dr. Yaya Sissoko** is a member of the PEA board of directors.

Dr. Todd B. Potts presented a paper co-authored with **Dr. David B. Yerger**

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Student Spotlight

Andrew Coleman is the 2010-2011 recipient of the Donald A. Walker Scholarship in Economics, a scholarship for new or returning majors in economics. The scholarship is named in honor of emeritus professor, Dr. Donald A. Walker. Andrew was asked to share a few comments regarding his studies and interests.

Andrew writes: I graduated from Homer-Center High School in 2007 and attended IUP through dual enrollment my senior year. So many things interest me in economics, the fact that we are dealing with real-life situations and real-world applications makes economics such an intriguing subject for me. In addition to economics I am also very interested attaining a law degree. I think the analysis in economics can translate to legal studies very well. I currently have a big interest in Duquesne, George Mason, and Fordham law schools.

When I'm not studying I'm usually golfing in the sum-

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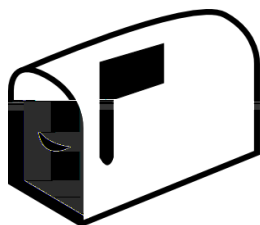
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