

The End of an Era and the Beginning of Something New

Amanda Thorson

For the last six years, the University Avenue Undergraduate Journal of Economics (UAUJE) has been a collaborative effort between the economic departments at Illinois Wesleyan and Illinois State University. The journal is a completely online publication (URL:<http://www.econ.ilstu.edu/UAUJE>), which publishes editions annually containing undergraduate research from across the United States and around the world. It has given students the unique opportunity to experience the editing and peer evaluation process associated with submitting research to scholarly journals. And through this process, Illinois Wesleyan students have excelled receiving the Bernard J. McCarney Award for the top paper submission for the last three years running. However, the era of the UAUJE is drawing to an end and this will be the last year the publication will exist in its current form. IWU and ISU have decided to stop collaborating following this spring's edition in order pursue separate goals.

Though it is unclear if Illinois State will continue to publish an undergraduate journal, Illinois Wesleyan is in the process of developing its own online version. Dr. Seeborg, Desi Hristova, Kory Blumer, and Iftekhar Ahmed are currently developing ideas for this brand new publication. They have not yet decided on a title for the new journal but hope to encourage other small liberal arts schools to participate in the publication in addition to the prestigious

universities whose students formerly submitted papers to the UAUJE. The plan is to have Wesleyan students as the primary editors but to encourage students from other schools to act as associate editors to help with the publishing process. It may also contain a page where economics faculty from around the country can share ideas, class schedules, and projects with each other.

Dr. Seeborg believes the new publication will have three distinct advantages for Wesleyan's economics department. First, it will continue to give students the benefits of having another outlet of publication in addition to the Park Place Economist, where their work can be published before a wide audience. Secondly, it will increase the exposure of the Illinois Wesleyan economics program to the rest of the scholarly community. Illinois Wesleyan's online journal will be one the few in the world devoted solely to undergraduate research and will allow the editorial board to come into contacts with many students and faculty from prominent schools around the country. Finally, it will provide another opportunity to students to get both leadership and editorial experience, which will be valuable as students begin careers or continue their education in economics. It will be exciting to see the results of this endeavor, which will surely be another instance where Wesleyan students rise to a new challenge.

Interview with Professor Kumazawa

Mahi Garg

Had the phrase “gone full circle” not been so ancient, I would have guessed that it was invented by someone who met with Professor Risa Kumazawa. Her interest in economics started at Illinois Wesleyan as a student, only to be brought back to good old Wesleyan in the capacity of a professor. This isn’t the only circle though – she was one of the founding members of the Park Place Economist. Her association with the journal started as an editor, and has continued now in the form of an article in her name.

This is not to suggest that she has spent her life only in areas familiar to her, however. Quite the contrary, she came to Wesleyan straight from Japan, where she had been born and raised – quite a bold move in my opinion. Why Wesleyan all of places? Her brother was studying here, so she and her twin sister followed in his footsteps. She started pursuing her bachelor’s degree in Economics with a minor in Mathematics in 1990. After getting a Master’s degree from Illinois State, she went to the University of Texas at Austin where she completed her Ph.D.

Her dissertation was on the effects of welfare generosity on the behavioral responses of welfare-prone women. She made quite a few rather interesting observations, but the one that fascinated me most was the relationship between welfare generosity and women who often remarry. Women divorced from a first marriage and later married were more likely to have used welfare benefits as a substitute source of income while they were single! She chose this subject because of her love for labor economics and through her interest and coursework in sociology. Dr. Sikora, currently a professor of sociology at

Wesleyan, was her host father, and he helped in nurturing this interest during her Research Honors project.

While finishing her dissertation at Austin last year, she started her first faculty position at the University of Mississippi’s economics department where she had a research grant from the U.S. Navy. It was this position that helped her determine that she needed more teaching experience. She returned to her alma mater for this purpose. A big influence in that decision was Dr. Seeborg, with whom she has shared great relationships in various areas. He was her advisor, mentor, and co-author, and is now a colleague. They wrote a paper together on the educational attainment of teenage unmarried mothers, further evidence of her interest in labor economics.

One of the biggest changes that she noticed since her return to IWU, is a decline in the number of international students. She enjoyed the various perspectives they would bring to class, and is disappointed by the waning numbers. A lot of things have stayed the same though. She was taught by professors Leekley, Chapman and Seeborg, who are all still essential members of our economics faculty.

Unfortunately, she will be leaving us at the end of the semester. She plans to pursue a balanced career in teaching and research but at a larger university, something that she cannot do at a liberal arts college like IWU. She hopes to be remembered as someone who encouraged students to continue in Economics. Encouragement was what helped her in deciding to pursue a Ph.D., and she hopes to help someone else in a similar fashion.

The Economic Effects of a War with Iraq

George Coontz

This war / conflict or whatever it may be called is under heated debate by critics and proponents all around the world. Most people are arguing that it is not just to invade because there is no apparent authority to do so. We as economists have a different take on the issue, we assess the issue using purely economic terms and reasoning. I have my own opinion of the war, but I will try to be as unbiased as possible and present both sides of the arguments so you can make your own judgment.

First of all, a major concern is oil. People all over the world are stating that oil prices will rise during a war. This is true. As we have seen over the last few month's oil prices are at some of their all time highs. As a nation prepares to go to war, prices will slowly creep up and consumers will not see huge increases at the pump as the war commences. The closer we get to war, the bigger the jumps will be, most will be caused by worries that a war will not be avoided. If a war were to begin, oil prices would remain high during the war and reduce the conflict and reduce drastically at its conclusion. For example, in the Gulf War, prices went up during the conflict but moved downward after its end. Even since we don't import much oil from Iraq, still there would be a world shock on supply causing these factors. Everything is up for debate on the oil concern, but I think we all can agree that oil prices will go up in the short run and lower in the long run.

With economics, we have to look at the overall effect of the economy. For the United States, the economic effect would be minimal. The White House predicts the cost of war to be one percent of GDP for the year. This is a low cost compared to WWII which was around 120 percent of GDP, and Viet Nam which was around 12 percent of GDP per year. That cost would have to be made up by the government somehow. This would have to come from lower spending somewhere else or an increased revenue source. That would be the direct cost to the government. Another factor you have to consider during war time with an increased defense budget, jobs are created, in par-

ticular in defense industries. Granted, these jobs are not a long term shock, it is a short term plus for the job seekers and unemployed. Since people would be employed, they would have income to spend as well as be able to pay taxes. With an increase in people spending and paying taxes, the government will get more revenue. An indirect cost would be the effect war would have on consumers. Consumer confidence is relatively low right now keeping people from buying luxury goods. The effect of war on the stock market has already taken form. The markets continually adjust to world events. As we get closer to war, the markets predict and adjust to world events. That means that if we were to go to war today, the market would be affected but not as much as a surprise event because of the compensation daily. It is obvious a short war would affect us less than a long

drawn out war and the plans presented show that the United States will have a short war. In the long run, a war of this little cost will not affect the deficit in huge ways like WWII or Viet Nam.

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A subject few people are addressing is what will be the effect on the country of Iraq as well as the region's economies. A war would cost Iraq as well. They by no means have the comparable technology like the United States. Iraq's economy would be hurt because they as well would have loss of wages from workers that would go to fight. But if you think of the big picture, if a war would happen, the Iraq economy would be totally gone. From my observation, a war would totally mean a new government for Iraq. This would have to be set up from scratch with all the hardships of a new government and economic system. It is hard for me to predict what will happen in Iraq because I am unfamiliar with their economic system as a whole. What I can assume though is that their economy will be hurt far greater than ours.

As a good economist would argue, economies are not all just money. There are social economic issues at the forefront of this possible war. With a conflict, there will be refugees that will flee the country. They will have to travel somewhere at a cost to

that country. That is a social cost to society of the war country as well as the country where people are fleeing. Another social cost would be aid to countries affected by war. This aid would have to come from a large country like the United States or organizations such as the United Nations. In either case, money would have to come from the United States which would have a cost to US citizens. This is a social cost because it has to be done in order to get the country back on its feet after a devastating war. Social costs can not be ignored when figuring the cost of war and its impact on the economies of participating nations.

I barely touched the surface of the economic situation that war brings about. I hope I have left you

with a greater understanding of what has to be looked at before war is decided upon as an option. War affects everyone in some way or another, how it affects them is determined by their standing in society (i.e. their job level (management or labor)) and your ability to buy goods. The short term effects of a war are up for grabs but most likely, price levels will raise. In the long run, the economy will work itself back to equilibrium. The long run costs of this war, if short, will not be great. The economy is already at a slow point and it seems to me that it has good potential no matter what happens just as long as it happens before too long. War is not a good thing, but uncertainty is much worse, and that is all we have now.

The Uncertainties and Other Costs of a War with Iraq

Matthew D. Melick, et al

While I can agree with Mr. Coontz on the points that he raises (oil prices will go up during war times and decrease once the United States, or a U.S. friendly regime, has control of Iraqi oil; a short war would be relatively inexpensive to the U.S. and much more costly to Iraq; and, there are some social costs), he does not mention many other costs that the United States will most likely face as a result of an Iraqi war. There are also numerous uncertainties that come with any war, not to mention one that has a protracted objective like regime change. These costs and uncertainties will not only affect the United States but the entire international community. Most importantly though is the fact that going to war should never be decided solely on economic grounds, human life is always the most important consideration.

The United States is currently facing a situation that could alienate it from its closest allies if diplomacy is not handled with the utmost care. By going ahead with a war against Iraq, against the will of the majority of the international community, especially France and Germany, the United States is taking a large risk. While the United States is certainly a hegemonic power and therefore other countries are forced to bow to its authority, going against the United Nations may cause great political and thus economic instability. In terms of trade relations this could be a

signal to other countries that the United States does not feel the need to respect international treaties and pacts if they do not coincide with the "American Agenda," creating much uncertainty. While this unilateral (or bilateral really, with British support) move may not pose any direct economic costs, other than the fact that the cost will fall only on these two countries instead of a coalition of nations, it is a possibility that it could affect economic relations in the future.

"Even as economists we must occasionally come to the realization that not everything in life should be dictated by the strict laws of supply and demand or economic costs and benefits"

It is important to remember that war is always an uncertain endeavor; therefore, there is no guarantee on the timeframe of the operation. Just as the present administration believes that

this will be a short operation, the Kennedy/Johnson administration thought Vietnam would be a quick operation as well and almost a decade, and too many lives, later they were proven wrong. While I hope that the present operation will have very few similarities to the Vietnam conflict the point is clear that war is always uncertain and therefore it is fruitless to give it a price tag until after the objective has been accomplished.

Another uncertainty that faces the world is will a post-Saddam Iraq prosper economically. While no one will argue the fact that Saddam Hussein is a horrible despot, he does rule Iraq with a stable hand. In a post-Saddam Iraq there will sure be great uncer-

tainty, both politically and economically. If the United States withdraws, there are numerous factions in the country that would love to be in control, which could create great economic unrest in Iraq and the entire region.

Also, any attack against Iraq by the United States is most likely going to create great unrest in the Arab world. It is conceivable that the deaths of thousands of Iraqi citizens could lead to yet another generation of America hating terrorists. It does not even take that much resentment toward the United States to cause a great disruption to our economic system. There are numerous unforeseen costs that could come as a result of this.

In addition to these uncertainties the United States will be faced with huge back-end costs, such as the reconstruction effort following the war. The United States will be undertaking bombing campaign over Baghdad that will nearly demolish the city. Sure the United States now operates precision guided missiles, but even they will cause "collateral damage" to underground and surrounding infrastructures. If the U.S. plans on establishing a friendly post-Saddam regime it will be forced to supply assistance for the reconstruction of this city and many others through-

out the country. In addition to the structural collateral damage the United States will be faced with the possibility of thousands of civilian casualties. Again, if the United States plans to prevail as the good guy it will be forced to spend billions of dollars nursing the injured back to good health.

These are just a few of the uncertainties and back-end costs that the United States faces in its decision on whether or not to go ahead with war. However, war should never be decided solely on economic costs and uncertainties. There are sure to be many Iraqi lives lost in the conflict, as well as the lives of brave young men and women serving the U.S. and its allies, which the government must consider before moving ahead. It must also look at the political ramifications; can the United Nations survive a "slap in the face" from the United States and the United Kingdom, two of its most important players? All of these things and much more should be considered and openly debated before the United States moves against Iraq.

Even as economists we must occasionally come to the realization that not everything in life should be dictated by the strict laws of supply and demand or economic costs and benefits.

Alumni Notes

Sarah Bland

Jeremy Sandford, '02

Jeremy is in the first year of an economics Ph.D. program at the University of Wisconsin - Madison, and working feverishly to prepare for his preliminary exams in July. After that, he hopes to do research in labor or public economics. He suggests that anyone interested in doing graduate work to take as much math as possible, even at the expense of economics if necessary. He also advises everyone to enjoy themselves while still at Illinois Wesleyan, because his brief experience with the real world has not been as nice as his memories of IWU - a lot more walking involved, for one thing.

Justin Etnyre, '99

Justin is working at Household International as a Busi-

ness Information Analyst in the consumer lending business unit. His position lies between the business users and technology services, and he uses tools such as SAS and SQL to ensure that reporting and data requirements are met. He is also working on his MBA at Roosevelt University with a concentration in MIS, which he plans to complete in August of 2003.

Bryan C. McCannon, '98

Brian has been at Penn State working on his Ph.D. in Economics since he graduated from Illinois Wesleyan. He will be defending his dissertation on strategic product differentiation and labor raiding this spring. Starting next fall, he will be an assistant Professor of Economics at Elmira College. His areas of specialization are industrial organization and micro theory/game theory. Along with his work in economics, he is also

working on a series of papers in plant physiology which apply economic models to plants' allocation decisions, such as choice of root depth in various environments and competition between plants.

Faizal Chaudhury, '96

After spending almost 6 years in public accounting, Faizal is now a Senior Internal Audit Consultant for Stepan Company, a global chemicals maker based in Northfield, Illinois. His current position involves identifying opportunities to improve operating efficiencies and internal controls at Stepan Company's facilities in Europe, Asia, North and South America. He hopes to begin a part-time MBA program this fall. One of his most memorable moments from economics classes was Dr. Seeborg taking students on a tour of the Cabrini-Green housing projects in Chicago. Faizal thinks that gentrification is changing the landscape and demographics of this area and that it would probably allow for a great labor economic lesson.

Diana Imaka, '96

Diana received an MBA from City University Business School in London in 1999, and is in her fourth year working as a business consultant with Deloitte & Touche in Latvia. Her specialties are cost control, business process re-engineering and implementation of European Union legislative requirements to introduce competition into traditionally monopolistic industries in order for Latvia to join the EU in 2003-2004. She sends huge thanks to Dr. Chapman, Dr. Seeborg, Melinda Carlson, Jack Fields and many, many others for all their help during her time at Illinois Wesleyan. She would also like to share two philosophical lessons: 1. Things that you do and say make an enormous difference in other people's lives, so don't hesitate. 2. You never know when life will give you that big chance, so make sure you do the most to be ready for that moment.

Ming Sun Wan, '96

Ming Sun is currently working in Hong Kong as a director of equities sales trading for hedge funds at UBS Warburg. One of his most memorable moments from economics classes was when a bee stung Dr. Seeborg on the nose. He looks forward to seeing this year's edition of the *Park Place Economist*.

Gnanika Suriarachchi-Wijayaratne, '94

Gnanika graduated from Texas A&M University with an MS in Human Resource Development in May 2000 and a MS in Human Resource Management in May 2001. She and her husband Ravi had their first child Niviru in 2001, and moved to California in 2002. She works for ChevronTexaco Corporation in their Human Resource Development Program, where she is currently finishing her third rotation in the Overseas Petroleum Division. Gnanika says this has provided her with some wonderful opportunities to work with a diverse group of people from all over the world. She has one more assignment in the program, after which she will be placed in a specific job within the HR function. She wishes good luck to everyone working on this year's *Park Place Economist*.

Thomas M. Smith, '92

Thomas is currently the assistant director of the Center for Economic Education and a visiting assistant professor in the economics department of University of Illinois - Chicago. He has a monograph coming out this spring called "Raising the Barre: The Geographic, Financial and Economic Characteristics of Nonprofit Dance Companies", which is the culmination of a project that he worked on with the National Endowment for the Arts. He is currently examining the economic conditions of nonprofit theater companies in the U.S. and coordinating the on-site activities for the Association of Cultural Economics International Conference 2004. He is also playing electric and upright bass with jazz and rock bands all over the Chicago area.

Sabeen Ali, '01

Sabeen has been working as a consultant for Ernst and young in New York City since she graduated from Illinois Wesleyan. This spring she has changed jobs, becoming a Program Coordinator for the Council on Foreign Relations.

The Class Of 2003

Ana Maria Romero

Nimish Adhia is an economics major from India. He plans to work towards the elimination of world hunger. He also hopes to take over Dr. Seeborg's job some day. He will be attending graduate school next fall to pursue Ph.D. in Economics.

Kory Blumer is an economics and accounting double major from Farmer City, IL. He is currently conducting honors research concerning the effects of executive compensation on company performance and shareholder value. He will be presenting his research at the John Wesley Powell Conference for Honors research here at IWU in April. His future plans include passing the CPA exam in May 2003 and eventually earning his MBA at the University of Chicago and becoming CEO of Blumer Enterprises. He will start working as an auditor for Ernst and Young in Chicago, IL in September.

Jamie Davenport is an economics major and international studies minor from San Diego, CA. Her favorite econ memories are spending time in the econ lab studying with classmates, and, after studying the "kinked" curve in econometrics, hearing Nimish coin the phrase "We get kinky in the library."

Juliana Giraldo is an economics and business administration double major from Barranquilla, Colombia. She is currently working on research honors and will be presenting it in the Midwest Economics Conference in St. Louis in late March. Juliana's research deals with different socio-economic variables and their effect on income inequality such as education, income and economic structure. Her most memorable moments are the endless hours spent on the econometrics final and senior project. She specially remembers Nimish's idea of getting a t-shirt with the phrase "We get kinky in the library". To every future econ major, she advises searching for a database first before selecting your topic. She is currently in the job search process and hopes to work for a few years before pursuing an MBA at Northwestern University.

Desi Hristova is an economics and math double major from Bulgaria. She plans to attend graduate school to earn her Ph.D. in Mathematics.

Matthew Melick is an economics major from Danvers, IL. He plans on attending law school after graduation, working towards a joint law and masters of public policy degree. Matthew hopes to someday save the world from capitalism. His current research, which is to be published, is on the relationship between unemployment factors and crime rates.

Charles Kwame Newman is an economics and computer science minor from Ghana. He is currently a resident advisor and a former student senate rep for African student association. In the future he hopes to go to graduate school in the West Coast, but momentarily he is searching for a job in London. Charles' most memorable econ memories are of his classes with Dr. Seeborg because of his trust in him and making him believe that he could achieve anything if he showed great interest and dedication.

H. Awo Tiwaa Osei-Anto is an economics and international studies double major with a minor in French from Tema, Ghana. Her research dealt with the effect of racial segregation in the job market on wage levels. She will be working for Hewitt Associates as a business analyst.

Bharat Pardasani is an economics and accounting double major from India.

Andy Rowland is a math and economics double major from Barrington, IL. He plans on working in either business consulting, management or as an analyst. He will never forget all the good times in Senior Seminar. To all the seniors, he wishes you the best of luck in all your endeavors and looks forward to seeing all of you at future reunions. He thanks the faculty for their help and encouragement along the way.

Kristin Smevold is an economics and business administration major from Barrington, IL. Her research examined the stock market and the market for

horserace betting and their response to similar macroeconomic announcements, primarily GDP. Following graduation she will be working for Merrill Lynch.

Patrick Spangler is an economics major from Joliet, IL. He was actively involved in student senate as a parliamentarian for two years, and also played football for IWU. His research related the cobweb model to the market for law students. He surprised everyone by revealing a theatrical aspect of his personality when he played an old woman in the anti-war play “*The Lysistrata Project*.”

Rajen Subba is an economics and computer science double major from Nepal. He plans on attending graduate school to obtain his PhD in Computer Science. He aims to make his first million by the age 30 and retire by the age 35.

Sameer Zaman is an accounting and economics double major from Bangladesh. His research for senior seminar was titled “Relationship between Female Employment Level and Economic Development: Comparative study between the United States and South Korea.” He is currently looking for a job and a wife!