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A Prestigious Opportunity

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A Prestigious Opportunity

The Federal Reserve System started in 1913 and consists of twelve districts. Initially, its role was rather limited. The Federal Reserve purchases the loans and securities of commercial banks which deters the chance of deposit runs. After the Great Depression, the role of the Federal Reserve increased substantially to include monetary policy.

Dr. Moser works in the Bank Regulation area. He is concerned with bank safety, or capital adequacy standards. There is also the payments system division, which is the largest division. It processes checks by the Fed, runs payment systems for banks, and operates the securities wire, which moves treasury securities from one account to another.

The macroeconomic model used by the Federal Reserve, according to Dr. Moser, is an "aggregate model which divides all goods of the economy into four composite categories: labor services, commodities, bonds, and money." Effective Macro policy must relate the four sections to each other, a difficult balancing task. Dr. Moser's personal job is to "make rules that bankers will accept, that are consistent with their incentives."

The main macro goal of the Federal Reserve is stable growth, which is growth without the high risk of inflation. The Fed's tools consist of the money supply and interest rates. The measurements of success are employment levels and the inflation rate.

For example, on November 6th, 2001 the Federal Reserve lowered the Federal Funds rate from 2% to 1.5% because of the uncertainty in the economy and the possibility of recession. The lower interest rate made saving money less attractive to consumers and businesses. It also lowered the cost of borrowing money, making business investment more attractive. Profits and employment were increased as a result of these policy actions.

Dr. Moser said that the Fed needs help! To be an associate economist, you must have a four-year degree. Associate economists are research assistants. There are also paid internships available for thirty to forty students. Go to www.chicagofed.org for more information.

A Prestigious Opportunity

Jamie Davenport

This spring, five economics students have the opportunity to present their research honors projects at two prestigious conferences. The 66th Annual Midwest Economics Association (MEA) Conference will be held in Chicago and includes presentations by hundreds of economists. This year, the conference will also include four sessions of undergraduate presenters. Of the twelve undergraduate presenters, four are from IWU. Jeremy Sandford, Katia Hristova, David Janashvili, and Debbie Slezak will present their research honors projects alongside students from other top midwest schools. According to Dr. Seeborg, undergraduate research conferences are a relatively new idea and offer a great opportunity for students to experience research economics in a professional setting. The conferences also provide great visibility and recognition for IWU and the Economics Department. The Economics Department is one of the few departments at the university to allow students the opportunity to present their original research in a professional setting.

IWU students will also present at the 2002 Carroll Round at Georgetown University in Washington, D.C. Sandford, Hristova, Slezak, and Anisha Madan will travel to D.C. on an all-expense paid trip and participate in the conference with students from the nation's most selective colleges and universities. The conference, sponsored by the Sallie Mae Fund, focuses on international economic research and policy and allows opportunities for undergraduates that are otherwise difficult to attain. It is the hope of the conference's founders that the "conference and the exchange it fosters will embolden students to continue pursuing innovative ideas and rewarding careers in international economics."

The students were chosen for the conferences by sending in an abstract, application, and personal statement. Their research design, general interest in economics studies, and academic records were all taken into account.

Besides presenting, the students will also have "the chance to view policy-making and policy-makers in action and interact with distinguished members of the economics community." The weekend also

includes a tour of the Federal Reserve and a meeting with Vice Chairman Roger W. Ferguson, Jr.

Jeremy Sandford will be presenting his paper, included in this edition of the *Park Place Economist*, on how English proficiency affects earnings of Mexican immigrants. He finds that for immigrants speaking very little English, the level of education and job experience does not affect earnings. Alternatively, immigrants speaking English very well experience returns to their education and job experiences very similar to English-speaking natives. In addition to his research honors project, Jeremy is co-authoring a paper with Dr. Seeborg that was presented by Dr. Seeborg at the Missouri Valley Association Conference in Memphis, Tennessee.

Debbie Slezak is presenting her comparative analysis of mobile phone usage in the United States and Spain at both conferences. She discovers that the difference in mobile penetration (number of mobile subscribers per one hundred inhabitants) can be attributed to a difference in the pricing structures that results in a shift in demand instead of a movement along the demand curve. Debbie is most looking forward to “incorporating the ideas I receive from the discussion into my final draft.”

Katia Hristova will present at the MEA and Georgetown conferences. Her research analyzes voucher privatization in the Czech Republic and its involvement in the transition from a centrally-planned to a free market economy. Her conclusions question rapid transitions and the role of international institutions, specifically the IMF. Katia is looking forward to the conferences because she’s interested in the issues her paper brings about. She also enjoys talking about her research with other economists and hearing the research of fellow students.

Anisha Madan will be presenting her cross-country analysis on the relationship between economic freedom and socioeconomic development at the Georgetown Conference. She examines human development indicators, such as life expectancy, education, and income inequality to determine where the development occurred. She finds a significant positive relationship between economic freedom and development. Anisha feels honored to have the opportunity to present her research at this prestigious economic event and that IWU was invited to participate with the other, largely Ivy League, schools.

David Janashvili is attending the MEA Conference and will present his project investigating

the relationship between industrial concentration and technology. He is trying to show that technology influences market concentration among different manufacturing industries and this effect varies depending on several industrial specificity factors, including industry size variability, growth and growth trend, and advertising levels. David chose to apply for the conference because of the honor associated with presenting at MEA and for an opportunity to gain new insight in how his own research can be improved.

These students have a unique opportunity to present their own research and to meet and interact with economists and fellow economics students from around the country. They each feel privileged to represent IWU at these prestigious conferences.