



4-1997

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#### **Recommended Citation**

Arms '99, Missy (1997) "Interview with Dr. Seeborg," *The Park Place Economist*: Vol. 5

Available at: <https://digitalcommons.iwu.edu/parkplace/vol5/iss1/10>

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## Interview with Dr. Seeborg

in Business Administration and a minor in Math. His most memorable moment was during his freshman year when he participated in that snowball fight on the quad. His future plans include "succeeding at the rat race." He is from New Dehli, India.

## **Interview with Dr. Seeborg**

Missy Arms

Many members of the economics community at Wesleyan were aware of an absence in the instructing staff during the spring of 1996. During this time, Dr. Michael Seeborg placed his classroom duties on hold and went on sabbatical. Although for some people the word "sabbatical" might conjure up images of professors traipsing through remote jungles, this is far from its true intent. Dr. Seeborg believes that the purpose of the sabbatical is to "take a step back . . . receive some more training, . . . and do the things that recharge your battery." Although he admits he did do some traveling during a previous sabbatical he took while teaching at Ball State, Dr. Seeborg used the time this fall to work here at IWU on several research papers he has in progress.

Citing labor economics as his main research interest--more specifically, human resource economics--Dr. Seeborg says he has "always been interested in the problems of the economically disadvantaged." He clearly presents this interest in his current research.

Studying what he calls "the economics of growing up," a majority of Dr. Seeborg's research uses data from the National Longitudinal Survey of Youth (NLSY). This study was first conducted in 1979 on 12,800 youth whom the study has re-interviewed every year since. An "incredibly rich data base," the study tracks the youth as they make

the transition into adulthood and considers a wide range of factors including lifestyle choices, educational and career decisions, and family background.

One such study was recently published and co-written with Wesleyan alumna Risa Kumazawa ('94). It assesses the effect of teenage parenthood on educational attainment. Using the NLSY, Seeborg and Kumazawa could follow a large sample of teenage mothers to see how parenthood at such a young age affected their educational attainment compared with their peers who were not young mothers. According to Seeborg, "often the argument is that having a baby as a teenager is disabling and restricts educational and career choices." However, Seeborg and Kumazawa found that the effect actually depended on the socioeconomic background of the young mother. The young mothers from disadvantaged backgrounds have educational attainment similar to that of their peers, who often drop out regardless of their motherhood status. Therefore the effect of the pregnancy itself is not large. On the other hand, "the effect of motherhood on young women from more advantaged backgrounds was greater, often costing them one to two years of schooling."

Seeborg has completed a second paper, also co-written with an IWU graduate. This paper, with Mark Israel ('91), evaluates data from a sample of poor children living at home in 1979 to determine what factors would draw them out of poverty and into a higher standard of living. The foundation argument is that background and early decisions (such as young motherhood) matter, playing a significant role in determining the young person's future standard of living. One of the most interesting aspects of this study is that it integrates the research methods of both economics and sociology. Specifically, Seeborg not only considers the direct effect that certain variables have on the future standard of living but also the indirect effects

of intervening variables. Concerning young motherhood, these intervening variables could take the form of decisions such as early marriage or low educational attainment that in turn influence the standard of living. According to Seeborg, "if you don't look at indirect effects, then you truly don't know the impact of background decisions on the future standard of living."

In a current research effort, Seeborg is examining young immigrants brought by their parents to the United States to find out how important "ethnic capital" is on their eventual economic success. Seeborg defines ethnic capital as the "overall level of human capital that various ethnic groups in the United States achieve." As members in the sample completed part of their schooling abroad and part of it here, the study seeks to evaluate the influence that the ethnic group that the immigrant joins in the U.S. has on future educational attainment. Seeborg hypothesizes that the greater the ethnic capital of the group is, the greater the economic performance of the respondent (immigrant) will be. Although he admits the study still needs a lot of work, Seeborg's initial results show that even after controlling for age, experience, and language skills, ethnic capital proves to be crucial to the success of the young immigrant. "There seems to be an external effect that comes from members of the group . . . the cultural emphasis on education, independent of other choices, is very important."

In another project, not related to the NLSY, Seeborg is working in accord with two other professors to study the importance of the emerging "floating population" in China. Seeborg states that, "as markets become freer, it is easier for people to move from rural into urban areas . . . and to work under contracts with firms." Estimating the floating population at 100 million people currently, Seeborg is researching what institutional changes have caused the emergence of this population and what implications it has for the

rapidly changing Chinese economy.

Although Seeborg remarks he still has quite a bit of work to do on some projects, new possibilities for research continuously present themselves. Nonetheless, the Economics department of IWU was pleased to see him back in the fall of 1996.

## **Economics Outside the Classroom**

Jaynanne Calaway

### **I. INTRODUCTION**

Each year, Illinois Wesleyan's Economics Society, in conjunction with its faculty, brings special guests to campus to address practical applications of economics. The Economics Department recognizes the need to relate classroom material to every-day activities in business and government. This fall, some of the distinguished guests included Dr. David Vance, chief economist for Caterpillar, Illinois State Representative Bill Brady, and Bloomington Alderman Mike Matejka.

### **II. CORPORATE USE OF ECONOMIC FORECASTING & A LOOK AT THE CPI**

With an undergraduate degree in political science from MIT and a Ph.D. from Notre Dame in economics, David Vance is the chief economist for Caterpillar's Business Intelligence Group, an internal consulting firm which renders marketing research, competitive analysis, and business information services. Caterpillar is a multinational corporation (MNC) specializing in the production of earth-moving machinery and employing around 54,000 people, with revenues of \$16 billion in 1995 and profits around \$1 billion. In 1995,