

### Next Year's Additions

For Fall 2011 the Economics Department will be hiring two new visiting professors to fill in for Erick Eschker during his sabbatical, and Steve Hackett as he moves over to administration. The department finally settled on the two candidates out of a list of more than seventy PhD level applicants. See below for the two that made the cut.



#### Brian Gross:

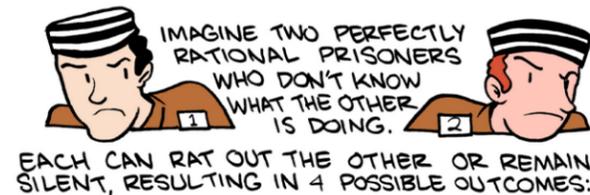
Brian received his Ph.D. from UC Berkeley in 2010. His primary fields are Environmental and Resource Economics and Agricultural Economics. His dissertation is titled, "Beneficial Bees and Pesky Pests: Three Essays on Ecosystem Services to Agriculture." He recently completed a post-doctoral in Food and Resource Economics at University of British Columbia in Vancouver, BC. He already has several publications and conference presentations under his belt. Next year, Brian will teach the Econ 423 (Environmental and Natural Resources Economics), Econ 450 (Energy and Climate Change), Econ 309 (Economics of Sustainable Society), and Econ 210 (Principles of Economics).

#### Norman Maynard:

Norman is completing his Ph.D. from the University of Oklahoma this spring. His primary fields are Growth and Development, Bayesian Econometrics, and Applied Macroeconometrics. His dissertation is titled, "Three Essays on Economic Growth and Development." He won the "Provost Graduate Assistant Teaching Award" for excellence in teaching in 2009. Next year, Norman will teach the Econ 311 (Intermediate Microeconomics), Econ 435 (Money and Banking), Econ 323 (US Economic History), Econ 305 (International Economics and Globalization), and Econ 210 (Principles of Economics).

### Prisoner's Dilemma

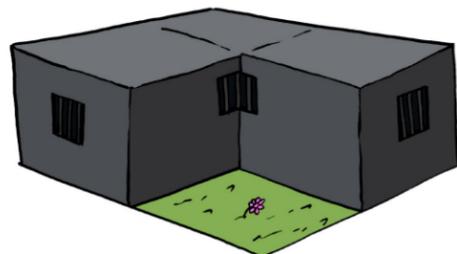
"THE PRISONER'S DILEMMA" IS A CONCEPT FROM THE FIELD OF GAME THEORY.



	RAT OUT	REMAIN SILENT
RAT OUT	Both get 1 year. <b>A</b>	<b>1</b> goes free. <b>2</b> gets 5 years. <b>B</b>
REMAIN SILENT	<b>2</b> goes free. <b>1</b> gets 5 years. <b>C</b>	Both get six months. <b>D</b>

IF YOU SQUEAL, YOU GET EITHER 1 OR 0 YEARS. IF YOU KEEP MUM, IT'S 5 OR 0.5 YEARS.

SO, EVEN THOUGH **D** IS THE BEST CHOICE, THE "PERFECTLY RATIONAL" PEOPLE PICK **A**!



THE DILEMMA CAN BE APPLIED TO MORALITY...

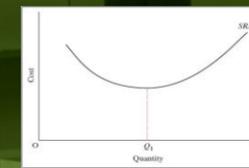
Do unto others as you...

	LIKE	WOULD HAVE THEM DO UNTO YOU
LIKE	BAD FOR ALL <b>A</b>	GREAT FOR <b>1</b> HORRIBLE FOR <b>2</b> <b>B</b>
WOULD HAVE THEM DO UNTO YOU	GREAT FOR <b>2</b> HORRIBLE FOR <b>1</b> <b>C</b>	GOOD FOR ALL <b>D</b>

THE GREAT ETHICISTS OF HISTORY SHARE ESSENTIALLY ONE GOAL: GET STRANGERS TO ALWAYS PICK **D**.

Read the full comic at <http://www.smbc-comics.com/index.php?id=1899>

# The Short Run



Student News & Views from the Humboldt State Economics Department

## TSR News – Welcome (and farewell)

On behalf of the Economics Department of Humboldt State University, The Short Run (TSR) welcomes back returning students as well as transfers and incoming freshmen. Many students enjoy the econ department at HSU because of the low teacher/student ratios, others like it because of the variety of courses in leading-edge economics areas like development and sustainable resource management. As the economic times continue to be rough, HSU is faced with serious cutbacks – fortunately our department was highly ranked during the Prioritization process and is likely to survive intact. There have also been a number of changes that are worthy of mention. TSR wants to extend our sincerest hopes for Professor Erick Eschker PhD, as he leaves for Sabbatical next year, hopefully catching warmer weather and some interesting research projects. We also would like to extend a warm welcome to Dr. Seema Sangita (profile on Page 2), who comes to us fresh from UC Davis. Also in the fall, the economics department will be hosting two new interim professors. So, welcome and let's get ready for another exiting semester! - MG

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**We are here to serve you within the scope of this newsletter and any comments, suggestions, or submissions are welcome.**

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### Feature

#### Big Changes at Humboldt State

With dramatic budget cuts and the discontinuation of the Nursing program at HSU, the campus is definitely seeing the effects of a slow economic recovery. In a letter this February, President Richmond announced the administration's decision that it wasn't in the best interest of the university to continue its 4-year BS in Nursing program, which has relatively high costs and low yearly graduation numbers. This leaves Humboldt County with only the 2-year program at College of the Redwoods, and some professional training programs, also associated with CR. Although the President's letter promised that a solution with other CSUs would be worked out soon. The budget this year faces a nearly 5 million dollar shortfall according to a University Budget Committee recommendation for 2011-12. Gaining about 3 million in new revenues over the next 3 years partly covers it, while the rest will be made up in a one-time release of funds, and cuts to academic, administrative, and student affairs. It's really surprising that with so many top level economists around, the CSU system is in such bad shape. This semester, Steve Dixon, and HSU Alum and member of the Capital Fellowship in Sacramento, spoke with the Economics Capstone class and highlighted a key point to this question; People with economics backgrounds aren't working in government. It's remarkable how little economics is actually put to use at the top level. It's left up to the future to see if the recent economic breakdowns will pressure the government enough to start viewing economic issues with a better perspective. - MG

#### Sources:

- Letter from President Richmond
- UBC Budget Committee Recommendation 2011-2012
- Steve Dixon: HSU Alum – on the Capitol Fellowship

**Interview with Dr. Sangita – Research Interests**

**Seema specializes in: Economics, International Trade, Globalization, Sustainability**



My research interests stemmed out of my experiences while growing up in Hyderabad. I grew up in a place where most of the young adults studied engineering or medicine and then moved on to United States or Australia for higher education and to pursue a career in countries that were able to pay them a much higher salary than what their talents would fetch in India. Indian society complained that there was a high degree of “Brain Drain”. The bright, intelligent young generation was leaving India instead of contributing to growth of the Indian economy. They were using tax-payer’s money to obtain education (since higher education like engineering studies is highly subsidized by the government) and then not contributing to the Indian economy.

At the same time, I saw Hyderabad transform from a sleepy and laid-back city into a software hub and was referred to as the “Silicon Valley of the India” along with Bangalore. The high-tech world was at my doorstep. The people of Indian origin who lived and worked for software companies in the United States, Europe and Australia played a huge role in this transformation of Hyderabad as well as India.

This led to my primary research question: What are the different mechanisms by which International Migration influence economic development and growth in the country of origin of the migrants and in the country of their new residence? In my research, I show that international migrants have a unique capability of creating business network between traders in their home country and their country destination. I find that when there is a larger flow of people between two countries, then there is an increase in bilateral trade and investment flows between them. Foreign Trade and Investment flows are generally beneficial to the economies of both the countries in question.

In future, I hope to continue research on the role played by international migration in different aspect of economic growth and development.

**Profile: Seema Sangita PhD**

Seema Sangita is a visiting professor in the Econ department, teaching International Economics, and Economics of a Sustainable Society. She grew up in the City of Hyderabad, India, moving first to Delhi for her undergraduate studies and then back to Hyderabad for her Masters in Economics. After applying to PhD programs all around the world, she settled on UC Davis and moved to California. Having earned a PhD in December of last year, she accepted a position at Humboldt State as a visiting professor. With little idea what to expect, Seema moved up to Arcata and began teaching in January. While adjusting to life in a small town, she has enjoyed the friendly, liberal culture of Humboldt and tried out a number of outdoors activities such as Hiking and Sea Kayaking in her spare time. She will be going to Australia for a research position studying the causes and effects of food security in India.



**Undergrad Profile: Eloy Sosa**



Eloy Sosa is a double major in Political Science and Economics from Ventura in Southern California. He is a member of the University Budget Committee, and an all-around busy undergrad student. Last semester he worked in the campaign office for District Attorney Paul Gallegos. Currently, he is working on the Humboldt County Index of Economic Activity, gathering data on niche manufacturing. A middle-range philosopher, Eloy believes in market based systems facilitated by government corrections during failure. He plans on moving on to Graduate school sometime after building up work experience through more policy work and internships. Eloy is currently a senior planning to graduate next Spring.

**Professor Erick Eschker PhD**

See Dr. Eschker's bio at: <http://www.humboldt.edu/economics/faculty/eschker.html>



This upcoming year, Erick Eschker will be leaving Humboldt on a one year sabbatical. Erick will spend his sabbatical visiting UC Davis and Sacramento State University. He plans to use his sabbatical to expand his research agenda by continuing the expansion of the Humboldt County Index of Economic Activity and by developing expertise on how marijuana production affects the local economy. The Economic Index is one of the department's prized continuing project tracking growth patterns and economic development in Humboldt County, and will likely be expanding in the attempt to include one of Humboldt County's largest industries.



**Economics Terms:**

Concepts that might save you someday

**“International Fisher Effect”**

The International Fisher Effect states that expected changes in the exchange rate between two countries is approximately equal to the difference between the countries' interest rates

$$E = \frac{i_1 - i_2}{1 - i_2} \approx i_1 - i_2$$

Where E represents the expected change in the exchange rate, and  $i_1 - i_2$  represents the interest rates in each country

**“Monopolistic Competition”**

Monopolistic competition is one of the best fit descriptors for our economy in the United States. It means an industry in which firms produce similar but distinct products with minimal barriers to market entry, all firms maximize profits by producing equal to their average costs (output is therefore lower than it would be in Perfect Competition), and all firms have some level of market power, meaning that none are price takers

**Congratulations:**

- Sky Kirsch:** Adam Smith Award – given in recognition of achievement and professional promise in the field of Economics
- Jessica Lamb:** Excellence in Academics – given by the college of professional studies to an Economics student in recognition of their academic performance
- Kevin Davis:** Kittleson Scholarship – See below
- Natalie Green:** Balabanis Scholarship – See below



**Economics Department Events**

**Scholarships:**

- [Homer Balabanis Scholarship \(\\$1000\)](#)
- [Bob R Kittleson Scholarship \(\\$1000\)](#)

These scholarships are for Econ majors who will be attending HSU for the upcoming academic year and each requires a short essay along with an application. Submissions are requested early in the spring semester. Each scholarship is paid to the recipient's HSU account in two equal payments at the beginning of each semester.

**Speaker Series:**

Just a few of the many speakers from this semester

**February 24<sup>th</sup>:** Steve Hackett and Luke Scheidler, Professor and Grad Student respectively, gave a presentation on the economic impacts of clean energy implementation in Humboldt County.

**April 15<sup>th</sup>:** Beckie Menten, HSU alum, and former co-director of C-CAT gave a lecture on upgrading existing structures in Humboldt with sustainable energy and multi-family housing

**Economics Forum:**

- When:** Check with the Econ Dept for latest times – Usually in the evenings between 5 and 8pm
- Where:** Carmela's, Rita's, The Plaza Grill, and other restaurants in Arcata
- Topic:** Check with the Econ Dept for the latest articles, focuses this year were international trade and beekeeping, among others