

	Southwestern Room	Training Room D	Training Room C
	Session 2 A: Financial Markets and Trading	Session 2 B: Public Policy	Session 2 C: Real Estate
	Session chair: Torger Voldbakken Sam Houston State University	Session chair: Austin Porter University of Texas at Austin	Session chair: Brittany Glasschroeder University of Texas at Austin
10:30 a.m.	Stock Repurchases and Degree of Conviction: A Test of Signaling Theory Kelechi Nwokocha University at Albany, SUNY Discussant: Laila Dar Austin College	The Parental Determinants of Child Protective Services Involvement Emma Kalish Macalester College Discussant: Marissa Yoder University of Mary Washington	Rental Housing Discrimination and the Great Recession Van Pham Southwestern University Discussant: Oscar Tovar Austin College
11:00 a.m.	Is Hedge Fund Mortality Explained by Cross-Sectional Return Volatility? Michael Biagi University at Albany, SUNY Discussant: Stian Ulriksen University of Oklahoma	The Effect of Cigarette Taxes on Mental Health William Helander Pace University Discussant: Parin Garg Austin College	The Housing Price Mechanism and Tobin's Q; Forecasting Bubbles Spyridon Papakonstadinou Pace University Discussant: Cameron Hughes Centenary College of Louisiana
11:30 a.m.	VWAP Strategies: A Short-Term Technical Analysis Tool Justin Friedman Pace University Discussant: Brooke Chatterton Southwestern University	Housing First, Healthcare Reform Second Guyu Ye Hanover College Discussant: Varshini Kalyan Austin College	A Coincident Economic Indicator for the Las Cruces Metropolitan Area Trevor Serrao New Mexico State University Discussant: Jacob Manlove University of Arkansas
Noon, Lunch, Auditorium Looking Ahead: An Improving Economy, Along with Ending Too Big to Fail Harvey Rosenblum Executive Vice President, Director of Research Federal Reserve Bank of Dallas			

	Southwestern Room	Training Room D	Training Room C
	Session 3 A: Trade/FDI	Session 3 B: Education	Session 3 C: Applied Economics
	Session chair: Stephanie Birdsall Kansas State University	Session chair: Timothy Diamond University of Texas at Austin	Session chair: Dushyanthi Pieris Quincy College
1:45 p.m.	Will Depreciation of the Dollar Decrease the U.S. Trade Deficit? Robert Freeman Wichita State University Discussant: Samuel Kenney Kansas State University	Money, the Way to a High School Diploma Taylor Knight University of Mary Washington Discussant: Carlos Navarro University of Texas–Pan American	Explaining Airline On-Time Performance Robert Ramirez Centenary College of Louisiana Discussant: Nicholas Mencacci Austin College
2:15 p.m.	What Determined Foreign Direct Investment in Brazil 1975–2010? Lincoln Scaife Hanover College Discussant: Kevin Hadley University of Oklahoma	Reframing Academic Engagement: Findings from a Priming Experiment in Principles of Economic Courses Sara Ray University of Texas–Pan American Discussant: Emma Kalish Macalester College	Performance-Enhancing Drug Use in College Sports: What Factors Matter? Matt Cronin University of Mary Washington Discussant: Mark Holton Kansas State University
2:45 p.m.	IMF Arrangements and Private Capital Inflows in Sub Saharan Africa Alec Sorensen University of Richmond Discussant: George Malatinszky University of Oklahoma	Impact of University Career Services and Internships on Undergraduate Students Brooke Chatterton Southwestern University Discussant: Nicole Nunez University of Mary Washington	An Analysis of Marijuana Demand Across Different Age Groups in the U.S. Daniel Boutarel Pace University Discussant: Austin Miller Baylor University
2:45 p.m. Poster Sessions, 2nd Floor Corridor			
	Session 4 A: Microfinance	Session 4 B: Macrofinance	
	Session chair: Ya Wang University of Texas at Austin	Session chair: Lauren Schechter University of Oklahoma	
3:30 p.m.	Microfinance in Latin America: A Snapshot from Montevideo, Uruguay Samuel Kenney Kansas State University Discussant: Arthi Rabbane University of Texas at Austin	Tax Morale and Tax Compliance in 21st Century Europe Joseph Goldman Austin College Discussant: Jena Terlip Kansas State University	
4:00 p.m.	Islamic Microfinance: Building Wealth Through Empowering the Entrepreneurial Poor Mercy Liaw LeTourneau University Discussant: Michael Luk Austin College	Taylor Rules and Monetary Policy in Emerging Markets: The Case of Vietnam and Honduras Trang Tran and Welby Norman LeTourneau University Discussant: Ransom Okpala Austin College	
4:45 p.m.	Final Remarks	Final Remarks	Final Remarks
5:00 p.m. Adjourn			

Poster Sessions



Presentation Abstracts

Ahmed, Ammar

Pace University

U.S. Monetary Policy and the Oil Price Nexus

The complexities of our increasingly interdependent and globalized world have transformed traditional economic relationships. As a result, the effects of national policies are being transmitted around the world. There exists an abundance of research on the relationship between oil prices and U.S. monetary policy. This paper attempts to analyze the other less-researched, direction of causality – the impact of changes in interest rates on oil prices. Using regression analysis, the paper shows that the lagged effects of changes in the U.S. federal funds rate result in positive correlation with oil prices over short time intervals. A further examination of other indicators including oil supply, political shocks and the U.S. gross domestic product also reveals that surprisingly, the former tends to be an insignificant influencing factor, while the latter two are statistically significant in their relation to oil price movements. These findings indicate that not only is there a more complex relationship between U.S. monetary policy and oil prices than the current body of literature suggests, but that the state of U.S. economy also has an effect on oil prices. It appears that U.S. monetary policy and the state of the U.S. GDP are potentially important in forecasting the future trajectory of oil prices. The federal funds rate is the most significant in this regard. The role of market speculation is also correlated to oil prices. The empirical evidence from this paper suggests that there is a strong and growing relationship, although further investigation is certainly needed.

Biagi, Michael

University at Albany, State University of New York

Is Hedge Fund Mortality Explained by Cross-Sectional Return Volatility?

This study utilizes the Russell-Parametric Cross-Sectional Volatility Index or CrossVolTM to analyze whether dispersion of stock returns within the S&P 500 index influences the aggregate hedge fund mortality rate. It also identifies other variables that can influence mortality including market returns, and the performance of deceased and live funds. This will build on the factors known to contribute to hedge fund failures and provide another view on how the hedge fund industry might perform in different market conditions. The results show that rising levels of cross-sectional volatility are positively related to hedge-fund mortality.

Boutarel, Daniel

Pace University

An Analysis of Marijuana Demand Across Different Age Groups in the U.S.

Using state-level data from the National Survey on Drug Use and Health and from High Times, this study provides policies that can be implemented to reduce the proportion of users aged 12 to 17. The

price elasticity of demand for marijuana is estimated for three age groups, 12-17, 18-25 and 26 and older. This study also uses income per capita by state to estimate the income elasticity of demand for marijuana for the same age groups. Finally, partial cross-price elasticities are estimated using the effects of changes in state-level excise taxes on beer and cigarettes on marijuana consumption. There is evidence that the demand for marijuana is inelastic across age groups, although the elasticity decreases from -0.47 to 0.397 for the 12 to 17 and the 18 to 25 age groups respectively. In the case, however, of the 26 and older group, price elasticity is higher at -0.67. Marijuana and cigarettes are substitute goods for all age groups, although statistically significant only for the 12-17 and 18-25 age groups. Beer and marijuana are complements for the 12 to 17 and 18 to 25 age groups and substitutes for the 26 and older category. Finally, there is a direct relationship between marijuana consumption and income per capita, as well as a direct relationship between marijuana use and the unemployment rate.

Camplair, Natalie

Macalester College

Do Wind Turbines Affect the Sale Price of Single-Family Homes? Evidence from McLean County, Illinois, USA

The recent expansion of wind turbines across the American landscape has been extremely contentious. This article examines any effect of wind turbines in McLean County, Illinois, on property sale prices, a major concern of many host communities. This question is addressed using data on the locations and dates of construction of wind turbines from two wind farms and detailed information on 7,965 property transactions over a 21-year period. A repeat-sales fixed effects estimator is used to control for potential unobserved property characteristics that could influence sale prices. These results could indicate that governments need to do more to compensate landowners living very near wind turbines.

Chatterton, Brooke

Southwestern University

Impact of University Career Services and Internships on Undergraduate Students

This study seeks to analyze the impact of the resources utilized at Southwestern's Career Services office on employment status and satisfaction with outcome. It also seeks to see if internships, of which Career Services offers guidance in finding, have an impact upon student employment status and satisfaction. The data is sourced from a post-graduate survey, the internal Career Services logs, and data from the Registrar's office. An ordered probit analysis estimates the effects of a number of variables on three possible employment outcomes, seeking employment, part-time employment, and full-time employment. The employment status model was utilized twice, with and without the internship data. Including internship data drastically affected the results and revealed that the number of internships participated in affect outcome much more than any type of Career

Services interaction. As such, the data suggests that work experience and real life career contacts are the most important tested variable in determining student employment status. In analyzing satisfaction with outcome, the analysis found that employment status and certain divisions of study are significantly influential.

Cronin, Matt

University of Mary Washington

Performance-Enhancing Drug Use in College Sports: What Factors Matter?

The use of performance-enhancing drugs in sports has always been a significant issue that needs to be addressed. This analysis is a follow-up on a previous study that utilized ordinary least squares regression analysis on NCAA drug testing data from 2005-2010 in order to determine if potential sports salaries affect the amount of positive drug tests within a certain college sport. Like the previous study the results of this analysis show that potential salaries or future monetary incentives play little role in performance-enhancing drug use of college athletes. However the amount of strength required for each sport and other factors play a larger role in effecting the amount of observed drug use in a particular college sport.

Epp, Samuel and Stewart Slack

LeTourneau University

Contagion of the 2008 U.S. Financial Crisis on the U.K.

This paper explores the contagious effect of the 2008 financial crisis on the U.K. Our hypothesis is that due to increased globalization, in recent years, certain economic indicators will be able to explain reactions in the U.K. economy. Even though the financial systems are connected, there will be a lag between U.S. economic indicators and the subsequent reaction in the U.K. economy. Using a multiple linear regression containing the predictors: U.S. GDP growth, U.S. Housing Prices Index, U.S. Equity Prices defined by the S&P 500, Dollar/Pound Exchange Rate, and the Federal Funds Rate, we conclude that the United States has a large contagious effect on the United Kingdom's economy.

Frank, Glen and Jonathan Grant

LeTourneau University

An Echo from Argentina: A Study on the Greek Economic Crisis through the Argentinian Mirror

Throughout this paper, we study the issue of the Greek economy and the effect that its deficits have had on a domestic and international level. Furthermore, we examine the internal problems that Greece has created and analyze the collateral that has, and will, come for the surrounding countries. We explain the effect that Greece has had on the euro, since 2001 when Greece adopted the new currency, and discuss the complications which Greece brings to the European Union as a whole. This paper also explores how other countries, primarily Germany, have enabled the economic insecurities that have brought Greece, and the global economy, into jeopardy. As a capstone, we discuss the costs and benefits of the choices that Greece faces and identify the reasons why Greece should leave the

European Union. To conclude, we compare and contrast the Greek and Argentinian crises by analyzing the economic, financial, and political factors that played into each country's particular crisis.

Freeman, Robert

Wichita State University

Will Depreciation of the Dollar Decrease the U.S. Trade Deficit?

Using data on exchange rates, imports and exports, income, and relative price between the U.S. and its major trade partners, I applied regression analysis to determine whether there is a connection between a weakening of the U.S. dollar and an increase in U.S. exports. I studied the price elasticity and income elasticity for both the short run and long run. The key hypothesis is that the gains in U.S. exports to its top trading partners due to a weaker dollar will be offset by decreased income from exporting to the U.S. The results indicate that in the long run three of the five U.S. trade partners examined do not meet the Marshall-Lerner condition, supporting the hypothesis, which will diminish the hope of improving the U.S. trade deficit.

Friedman, Justin

Pace University

VWAP Strategies: A Short-Term Technical Analysis Tool

As high frequency and algorithmic trading are becoming more widely used by institutional investors, classical views of short-term technical analysis are becoming more and more irrelevant. Despite this, we can take the most tangible data available to us to help determine fair value price and take advantage of institutional order flow. Through a brief survey of VWAP (volume weighted average price) articles from such institutes as Auckland University and University of Evry, one can understand the importance of VWAP in large institutional order flow, as well as some ways to predict future volume trends by using tick data compiled from the last eight years. Institutions constantly trade high volume of shares at this VWAP benchmark. This brings up several red flags as to why it's not more commonly discussed among traders. The articles mentioned are relevant in the theoretical aspect of understanding why VWAP is something that should be researched more, but there is a lack of sufficient published papers that try to evaluate the reliability of VWAP and its standard deviations.

This entirely new study conducted will evaluate VWAP at the standard deviations and prove they are significant, particularly at the second standard deviation. At times when volume traded is at a peak we will see the strongest reversions to the mean. This is of course taking current events into account as well as the daily volume as a percent of the average traded volume in order to flag outliers. This study of VWAP is something that was unattainable ten years ago due to various informational lags. Its findings will contribute to proprietary trading strategists and can be used by investors around the world in order to take advantage of the stated institutional order flow. With regression analysis through Stata and curve fits in SPSS we can further refine the strategy to optimize the time of execution.

Goldman, Joseph

Austin College

Tax Morale and Tax Compliance in 21st Century Europe

The economic crisis of the late 2000s has served as a watershed for the significant revenue shortfalls that now leave much of Europe with high, structural fiscal deficits. Though many states have responded to this concern with spending cuts, closing gaps in tax collection is also vital to ensuring fiscal stability. Tax compliance ranges widely in Europe, from 90.3% in Luxembourg, to just over 50% in the Ukraine (World Bank Development Statistics 2003). Determining the causes of tax evasion has been heavily researched, especially in the wake of the recent economic downturn. Additionally, many authors have explored the link between tax morale and its components and compliance behavior. However, there appears to be a gap in research with respect to linking the determinants of tax morale and compliance behavior across multiple countries. This paper explores the link between two important components of tax morale, perceptions of corruption and social context, and the presence of tax evasion in 28 European Union countries. Economic strength, financial development, and other cultural factors are controlled for in order to help determine the significance of my results. Under my model, tax evasion in Europe is most strongly related to citizens' perceptions of corruption in the state.

Helander, William

Pace University

The Effect of Cigarette Taxes on Mental Health

Although smoking cigarettes leads to many health problems, it has also been found that smoking reduces the symptomatic impact of certain mental health problems. This is due to the fact that smoking causes the release of dopamine which creates a feeling of enjoyment and reduces symptoms of some mental illnesses. Federal and state excise taxes on cigarettes are found to deter smoking behavior. Increases in these taxes have led to decreases in cigarettes sales. Prior studies have addressed the effects of smoking on mental health and the effects of excise taxes on smoking. Unlike previous studies this paper connects the impact of state excise taxes on measures of mental health in society. Data is obtained from the Behavioral Risk Factor Surveillance System (2010). Using a multiple regression analysis it is concluded that an increase in the state taxes on cigarettes leads to an improvement in mental health for smokers. The research holds important policy results to argue that increased state excise taxes on cigarettes can curb mental health problems exacerbated by cigarette smoking.

Jatene, Joao

Pace University

Brazilian Central Banking: An Investigation of Inflation Targeting and Central Bank Independence

Central bank behavior can be viewed in terms of a "reaction function" that is used by the monetary authorities in response to external shocks. Due to the scarcity of data, monetary policy reaction functions have been unable to efficiently forecast the behavior of the Brazilian Central Bank (BCB). Monetary policy actions by the BCB are constrained by the decisions of other institutions, such as

the Brazilian Development Bank (BNDES). This paper uses time series analysis using data from the Brazilian Central Bank (Banco Central do Brasil) and the BNDES in order to forecast the overnight interest rate (SELIC), used in the execution of open market operations. It also seeks to determine whether or not the BCB behaves as an inflation targeting central bank. Evidence is presented that the BNDES inhibits central bank policy responses to shocks. The paper concludes that the BCB is an inflation targeting (IT) central bank by mandate that is unable to pursue inflation targeting as its policy at the current time.

Kalish, Emma

Macalester College

The Parental Determinants of Child Protective Services Involvement

In this paper I examine the parental determinants of child protective services involvement, looking at the specific demographic, economic, and locational circumstances that increase the probability a family will interact with the child welfare system. Using the Illinois Family Study I conduct multiple levels of analysis, looking at differences across types of system involvement. I find that within the sample of low-income individuals, race, relative income, marital status, and several other factors influence both the probability of contact with the system and the probability of a corrective action being taken.

Kenney, Samuel

Kansas State University

Microfinance in Latin America: A Snapshot from Montevideo, Uruguay

This study was motivated by my personal experiences with microfinance in Latin America. It explores the distinguishing characteristics of microfinance in Latin America compared to other regions of the world and takes an in-depth look at the different aspects of microlending such as depth of outreach, breadth of outreach, worth to users, cost to users, length of outreach and scope of outreach. In addition, it analyzes differences in methodology used by microfinance institutions to achieve their distinct goals such as social development or corporate profits. Microfinance is widely viewed as a poverty alleviation tool, but specific methods of operation and end results vary greatly depending on the initial goals of the organization. I conducted an impact study using the microfinance framework of outreach proposed by Schreiner (2002) to compare the depth of poverty reached by the non-governmental organization (NGO), Un Techo Para Mi Pais Uruguay (UTPMPU), to other microfinance institutions (MFIs) in Latin America. I find that according to results of the empirical analysis of depth of outreach, UTPMPU is an organization serving extreme poverty. The poverty alleviation process is destined to be complex and idiosyncratic, but I believe that microfinance can play an important and impactful role in affording marginalized persons an opportunity to start the process.

Knight, Taylor

University of Mary Washington

Money, the Way to a High School Diploma

This paper examines the effect of income and unemployment on educational attainment in the United States. The author compares how disadvantaged families' education achievement compares with those of more affluent members of society. She does this through looking at how their income and the county unemployment rates affect their educational attainment. The results showed that her hypothesis was wrong, but the author concluded that the results were inconclusive because she was not convinced that her data was adequate for what she was attempting to test. The author believed that it was necessary to do more research to see if her original conclusion was correct or if there was more persuasive data that proved her hypothesis correct.

Liaw, Mercy

LeTourneau University

Islamic Microfinance: Building Wealth Through Empowering the Entrepreneurial Poor

The purpose of this paper is to give a general overview of the field of Islamic microfinance and recommend it as an effective tool for alleviating individual poverty and encouraging economic development within certain settings. It discusses the principles behind Islamic finance and microfinance separately and how they relate to poverty. We then look at the compatibility and advantages of combining the two concepts and how that has been applied. We also examine the impact of microfinancing institutions on poverty levels within the Middle East and North Africa. We conclude that Islamic microfinance is an emerging tool to empower the entrepreneurial poor, specifically in Islamic countries but with potential for broader application.

Lujan, Alan

University of Texas at Austin

Feedback Control Framework on a Dynamic General Equilibrium Model: Deficit Reduction

This paper develops a feedback control framework on a dynamic general equilibrium model, incorporating non-linear "handcrafted" rules for monetary and fiscal policy to offer policy suggestions aimed at deficit reduction. The issue of the federal debt has in recent years dominated political rhetoric and polarized the nation. This paper, then, explores the various policy tools that the government has to reduce the deficit while maintaining macroeconomic stability. This research thus provides an argument for a feedback control framework with "handcrafted" rules and suggests policy approaches to reducing the deficit.

Mencacci, Nicholas

Austin College

An Empirical Analysis of Technological Influence on Pineapple Production in Costa Rican Agriculture

Great strides in technological advancements in agriculture have given the industry the ability to supply a global demand. Costa Rica is responsible for a huge portion of the global supply of pineapples. Chemical inputs can help regulate and manipulate the overall production efficiency of pineapples. With interests in optimizing the costs of inputs and environmental factors (gasoline and diesel use, water use) Wal-Mart has distributed the Produce Sustainability Assessment (PSA) to their growers of Costa Rica since 2010. These surveys along with other weather factors (precipitation and temperature) are the explanatory variables determining the amount of pineapples in metric tons over the number of hectares on a farm. Policy implications resulting from this study will show farmers how much expected yield can be gained by choosing to adopt certain technologies.

Mendelsohn, Luke

University of Mary Washington

How Economies Recover: A Closer Look at the Role of the Federal Funds Rate in Influencing Economic Recoveries

What effect does the federal funds rate have on economic recovery times? The answer that I propose is that the federal funds rate does not have a significant impact on economic recovery times. Previous research that specifically looked at the federal funds rate state that lowering the federal funds rate has a short-term relatively quick effect of boosting a firm's output and therefore decreasing economic recovery time. My argument is that time lags in federal funds rate effectiveness prevent the quick and effective result others have predicted. Previous monetary research has focused on the monetary base or money supply. This is not as indicative of how monetary policy is enacted as looking primarily at interest rate policies. Therefore, I look at how the federal funds rate impacts the output gap, or in other words how the federal funds rate influences economic recovery time. In order to test my hypothesis, I ran an ordinary least squares regression based on the IS-MP model. A major assumption that I prove is that the federal funds rate does not have an immediate impact on an economic recovery.

Nwokocha, Kelechi

University at Albany, State University of New York

Stock Repurchases and Degree of Conviction: A Test of Signaling Theory

This paper reassesses the performance of share-repurchasing companies on the basis of size and degree of conviction during 1999 to 2011. The primary objective is to uncover the accuracy of signaling theory in small- and large-sized companies by examining returns subsequent to repurchases. Results show small-cap share repurchasing companies outperform their large-cap counterparts on a value-weighted, equal-weighted, and benchmark-adjusted basis. Interestingly, share repurchases of small-cap companies with high conviction have failed to outperform those of low conviction in the past three years.

Papakonstadinou, Spyridon

Pace University

The Housing Price Mechanism and Tobin's Q; Forecasting Bubbles

The analysis of housing market indicators may assist in forecasting housing bubbles. This paper analyzes the housing market using Tobin's "Q Theory," which suggests long-term equilibrium prices in the housing market to be equal to the expenditure costs associated with creating new projects. Regression analysis is used to test the hypothesis of the use of Tobin's Q as a predictor of housing market performance. New York City housing market data were obtained from 1995 to 2012. Results show that the Q ratio did have a tendency to revert to one with relatively small deviation from 1995 to 2006. However, in 2006, the Q ratio decreased to zero, foreshadowing severe declines in home prices with the bursting of the housing bubble. The results of this study indicate that the fluctuation of housing market prices can be better understood by utilizing the Q ratio as a forward looking indicator.

Pham, Van

Southwestern University

Rental Housing Discrimination and the Great Recession

The research focuses on changes brought in by the Great Recession of 2007 and whether it affected discrimination and prejudice in rental housing markets. Data across metropolitan areas in 2007, 2009, and 2011 are obtained from the U.S. Department of Housing and Urban Development (HUD). The analysis employs hedonic regression to examine the correlation between rental housing prices and other independent variables, especially variables capturing the racial and ethnic composition of tenants, together with controls on the attributes of the rental housing unit and neighborhood characteristics. This allows an estimate of the difference in treatment across race and ethnicity for tenants in similar houses and neighborhoods. The research suggests whether additional policies are needed to address discrimination in rental housing markets.

Ramirez, Robert

Centenary College of Louisiana

Explaining Airline On-Time Performance

This paper looks into the determinates of airline on-time performance. On-time performance is an important measurement to airlines because it affects not only the airline itself, but also its customers. Data obtained from the Bureau of Transportation Statistics includes 60 months from July 2007 to June 2012 from Southwest Airlines and American Airlines giving a total of 120 observations. This paper analyzes the effects that number of passengers, number of flights, load factor, the airline, the season, and the year have on on-time performance. These variables are measured through ordinary least squares regression. It is found that as passengers per flight increase it has a negative effect on on-time performance, but as load factor increases so does on-time performance. The seasons and year also have important effects on on-time performance.

Ray, Sara

University of Texas–Pan American

Reframing Academic Engagement: Findings from a Priming Experiment in Principles of Economics Courses

Students' exerted effort to succeed academically is influenced by numerous factors. We postulate that one academic driver is a student's desire to earn social recognition for his or her efforts. Using a multi-wave, random treatment experimental design in Principles of Economics courses at a primarily Hispanic-serving, public university, we explore whether social cueing can be used to prime a student's subconscious to internalize the relationship between effort and social status. We test the hypothesis that raised social standing awareness in an academic setting influences two factors: the effective time a student spends studying as well as his or her exam scores. Our results indicate weak evidence that our treatment had an influence on effective study time. However, we find stronger evidence that our treatment had a significant effect on low quartile students' performance on exams as indicated by scores.

Scaife, Lincoln

Hanover College

What Determined Foreign Direct Investment in Brazil 1975-2010?

A lot of research has been done on the effect of foreign direct investment on GDP. However, there are significantly fewer models done on the determinants of foreign direct investment (FDI) itself. This research will show FDI in Brazil from 1975 to 2010 as a function of inflation, GDP growth and exchange rates with the United States. The research will use a linear model and a double logged model to show the relationships between the aforementioned variables. The model shows that there is a positive relationship between GDP growth and FDI with three years of lag. The second variable, exchange rate, also has a positive relationship with FDI with one year of lag. Finally, inflation has a negative relationship with FDI. The double logged functional is a much better fit with the data so this means that there is a nonlinear relationship between the variables. This research has merits with economic development regarding developing nations.

Serrao, Trevor

New Mexico State University

A Coincident Economic Indicator for the Las Cruces Metropolitan Area

This paper employs the Stock-Watson method of applying the Kalman filter to several economic time series in order to create a single coincident measure of business cycle activity in Las Cruces, New Mexico. Use of such a measure allows researchers to pinpoint historical recessions and expansions and provides a tool for qualitative analysis of business cycle behavior. The Las Cruces economy has contracted concurrently with each national recession since 1990 and may have experienced two additional recessions independent of national business cycle activity: one in 1996 and one in 2003. Examination of the Las Cruces business cycle index's component variables suggests that the Las Cruces economy is stabilized by a heavy government employment presence. Changes in private employment are responsible for over two-thirds of changes in the Las

Cruces business cycle, while changes in the unemployment rate are responsible for another twenty percent. A simple index which tracks only these two variables would be a sufficient proxy for an index created using the Stock-Watson method.

Sorensen, Alec

University of Richmond

IMF Arrangements and Private Capital Inflows in Sub Saharan Africa

Between 1980 and 2000, private capital inflows to Sub Saharan Africa (SSA) have exhibited extremely low rates of growth relative to flows to other developing regions such as Latin America and Asia. With little access to private capital, SSA countries often turn to the International Monetary Fund as a lender of last resort. To ensure repayment and promote economic growth and stability, the IMF imposes conditions on countries entering into Fund Agreements. A common goal of these conditions is to improve countries' abilities to attract international capital from sources other than the Fund. This paper examines the relationship between participation in International Monetary Fund programs and private capital inflows to SSA using a dataset for 21 SSA countries from 1993-2010. After correcting for selection bias, this study finds that on average, IMF program participation corresponds with a 63% increase in private capital flows.

Sternik, Sofya

Pace University

The Tone of FOMC Policy Statements

This paper examines the tone of Federal Open Market Committee (FOMC) press releases issued by the U.S. Federal Reserve System. Two different methods are employed to interpret the tone of these statements. The first approach is based on economic and financial indicators monitored by the Federal Reserve, while the second utilizes the variances in these indicators which the central banks targets consistent with their mandate of price level stability and full employment. The analysis supports the conclusion that FOMC tone is consistent with the Federal Reserve's mandate.

Tran, Trang

LeTourneau University

Gulf Oil Spill and Its Effect on BP's Stock

This research paper studies the effect of the Gulf Oil Spill in the evening of April 20th, 2010, that devastated New Orleans and the nearby coastal cities, on the BP p.l.c. (British Petroleum) market stock prices. BP was dubbed at fault for the disaster. We conduct an event study, testing pre-event market conditions and post-event market reactions to the oil spill. We first gathered data of BP's stock prices before and after the event as well as the market benchmark, S&P 500, and other oil and gas industry leaders. We use a market stock model, risk adjusted return model, and Jensen's model to test our data. We then determined the statistically significant impact through several testing methodologies using daily returns of BP's stock prices. Our result indicates that there is no significant difference of daily price changes despite a big drop seen right after the event.

Tran, Trang and Welby Norman

LeTourneau University

Taylor Rules and Monetary Policy in Emerging Markets — The Case of Vietnam and Honduras

This paper studies the application of Taylor Rules in emerging markets, using Laurence Ball's Efficient Rules Model. According to Laurence Ball, Taylor Rule was implicitly applied in most developed countries to set appropriate interest rates that minimize the variance of output and inflation relative to output, the problem currently faced by many quickly growing emerging nations (Ball, 1999). Therefore, in this paper we use simple regression analysis and multiple regression analysis to determine relationship among three variables, including output (GDP), inflation rate, and real interest rate of two representatives of emerging countries, Vietnam and Honduras. Our result indicates there is not any current application of Taylor Rule in Vietnam and Honduras in terms of controlling inflation.

Walker, Josiah and Mercy Liaw

LeTourneau University

The Role of Foreign Debt in Spain's Economic Crisis

This paper will discuss the impact that excessive foreign debt had on the economic crisis in Spain. We will test for and analyze relationships between foreign debt and GDP, current account balance, exchange rates, inflation, and money supply to determine its influence on the macroeconomics of Spain. We find statistically significant relationships between foreign debt and GDP, current account balance, inflation, and money supply with high correlations between foreign debt, GDP, and money supply. Our conclusion is that high levels of foreign debt was a key factor behind Spain's financial crisis.

Ye, Guyu

Hanover College

Housing First, Healthcare Reform Second

Even though the homelessness issue had become evident after the 1980s, it was studied much more during recent years than before due to the increasing humanitarian concerns. This paper investigates some of the major factors affecting the rate of homelessness, especially health insurance coverage. The model for this project includes some of the most commonly known factors for homelessness as well as the percentage of people without health insurance. I argue, using evidence and theory, that the lack of an effective healthcare system is a key factor behind the homelessness issue.

Poster Abstracts

Fulliton, Samuel

University of Arkansas

Luigi Einaudi and the Economic Miracle

In an era dominated by the ideas John Maynard Keynes, another intellectual attempted to lead his country through post-war Reconstruction with controversially anti-Keynesian ideas. Luigi Einaudi was an historian, an economist, a financial advisor, a writer, a consultant for the *Economist*, a governor of the Bank of Italy, and president of the Italian Republic. From 1947 to 1955, Einaudi attempted to incite growth from the Italian economy with an emphasis on savings and budgetary conservatism, as opposed to an emphasis on demand and budgetary deficits, and he was successful. This paper intends to explain the development of Luigi Einaudi's economic ideas, and how they affected the economic environment in post-war Italy. Which economic intellectuals influenced the thoughts of Einaudi? How did his views compare to those of his contemporaries (particularly Keynes)? Although his policies did differ slightly from those of his contemporaries, how much of an influence did those differences have on the growth of the Italian economy? All of these questions can help to outline the effects of Luigi Einaudi's ideas on the Italian and European economy, and a proper analysis can imply their relevance in the political economy of today.

Glover, Jourdan

LeTourneau University

The Risk of German Investing

This paper investigates the economic and financial benefits of Germany under the euro monetary system. Using single and multiple regression analysis will help determine the risk factors involved when investing in Germany. Spain and France are the countries used as benchmark comparisons with Germany to determine the effect before and after the euro. Data will be run from the time period 1998, before the euro, and then from 1999 to 2012, after the adoption of the euro. All data has come from the OECD statistics library. The risk factors include interest rates, interest differential of the three countries, external debt, and GDP. Our research has concluded that Germany is indeed more stable under the euro system.

Liu, Matthew

Texas A&M University

Prices Are Unfair: First vs Third Degree Price Discrimination in the Laboratory

Differential pricing is a contentious issue within the business environment. The public's reaction to price discrimination varies widely from discontent to indifference. We hypothesize that buyers who do not benefit from price discrimination will perceive that it is unfair and therefore boycott a producer. Using a laboratory experiment, we use differing degrees of price discrimination to test the validity

of this prediction. We represent buyer and seller interactions with a variation of the ultimatum game to model consumers' perception of fairness. Preliminary analysis of the results shows that modifying the degree of price discrimination has a negligible impact on the seller's pricing, or the buyer's willingness to buy under identical market conditions. These results indicate that consumers are unlikely to change their behavior even when sellers price aggressively.

Manlove, Jacob

University of Arkansas

Theodore Schultz: Development and Contributions to Human Capital Theory

Theodore Schultz ventured into a new world of economics when beginning the study of human capital. Prior to Schultz the input of human actions had been left largely ignored when equating a country's capital. As a result of this lack of completeness in evaluating capital, many baffling discoveries were made that challenged mainstream thinking of the time. Schultz proposed, as a counter to the discrepancies, that it was the lack of human input into capital creating the discrepancies. Thus, the theory of human capital was developed and Schultz began to look upon humans as a valuable piece of capital. Just as with more common capital, human capital must also be invested in to receive a return. Schultz proposed that humans invest in human capital in the forms of health facilities and care, on-the-job training, formal education, study programs organized by organizations outside of the firm, and migration for job advancement. Understanding investment in humans can provide a valuable insight when creating capital investment policies. Many of today's organizations that provide aid to foreign countries do so with the intent of creating infrastructure and have little focus on the people. According to an analytical evaluation of Schultz's theory, this is not the proper way to create growth. Taking away from Schultz it would be concluded that a strong shift to investment in humans would provide a better rate of return to foreign aid.

Marquez, Jose

University of Central Florida

GDP Growth Difference and Financial Contagion: Evidence from the 2008–2009 Subprime Crisis

Trend and panel data analyses are used to determine the role of financial variables in GDP growth differences during the last global recession. Real variables are implemented in order to absorb real shocks and give a better (less biased) estimation of the effects of those nominal (financial) shocks. Results indicate an important role of stock market correlations. The paper will include dynamic panel data models and will account for some of the endogeneity and simultaneity biases present given by current model limitations. Also, an enhanced data set with a panel of 38 countries across eight years will be a better representation of the economic phenomena in question.

O’Shaughnessy, Matthew

University of Arkansas

Positive Mercantile Economics: An Alternative Approach

This paper examines the idea of rent-seeking societies as the cause of the rise and the eventual fall of European mercantilism. Based on the writings of Robert Ekelund, the intention is to analyze the effects of mercantilism on overall economic growth and the creation of wealth. Using positive-economic analysis as a method of examining the causes of the rise and fall of European mercantilism, with a focus on Great Britain and France, this paper explores a view of mercantilism in contrast to the standard historical view that European nations engaged in decisions motivated by ignorance and miscalculated economic policy. Instead this paper will explore the idea that these European powers engaged in rational economic thought to gain the highest possible returns from economic rent and that these nations adapted their policies as a result not of failures but as a way to optimize their returns on rent in ever-changing cultural and political environments. Parallels to this can be found in modern times as in the use of mercantilism regarding trade relations of the United States with China as the U.S. seeks to regain profits seen as being lost in Chinese trade. This is not just the result of poor decisionmaking but a goal-orientated process to gain the most from a given situation.

Patterson, Olivia

University of Arkansas

The Early Contributors to Game Theory

The term “game theory” that we know today was first developed in John von Neumann’s early papers in the late 1920s. However, for over 200 years before that there existed the nameless economic concentration that turned into game theory. Works from as early as Sun Tzu’s *The Art of War* in the third century talk of war as a zero-sum game. Other notable early works were by economists such as Cournot, Edgeworth, Bohm-Bawerk, and Zeuthen. A second set of writings by a number of continental European mathematicians set the stage for the development of game theory. These mathematicians made the transition from games of pure chance to games of strategy. These writings preceded Von Neumann’s and German economist Oskar Morgenstern’s book *Theory of Games and Economic Behavior*, which established the field of game theory. In von Neumann’s work in the 1920s, he demonstrated his minimax theory and its role within two-person zero-sum games. He describes how to find a best strategy that will maximize your potential gains and minimize your potential losses. Robert J. Leonard says that, “had von Neumann and Morgenstern never met, it seems unlikely that game theory would have been developed.”

Poorsafar, Hamid

University of Texas at Austin

The Gas Puzzle: Solving the E.U.’s Energy Security Dilemma

Natural gas is the fastest-growing hydrocarbon in the world, and its largest consumer in the world, the EU, is experiencing new energy security challenges through source, transit, and facility risk. A country’s source risk consists of structural dependency, the number and

reliability of suppliers, domestic gas reserves, and import dependency. Facility or investment risk refers to risks associated with the lack of infrastructure in place to coordinate security of supply in the long-term. Finally, transit risk is associated with the uncertainty of transport of energy. Our paper highlights these challenges in light of new production and consumption realities with respect to Russia and Caspian energy partners as well as the potential of LNG exports from the United States.

Reis, Affonso

University of Texas at Austin

A Network Model for Contagion in Financial Systems

The model described in this paper reduces the complexity of the United States domestic interbank lending system in order to analyze the phenomenon of bank-to-bank default contagion. Banks are assigned a set of key characteristics and one simple behavioral rule. A randomly generated, weighted adjacency matrix determines the initial exposures that each bank has to others in the system. From this adjacency matrix, we are able to visualize, in a rather simplified manner, the network of interbank loans that ensure the liquidity of the financial market. The visualization techniques and the use of a highly interconnected graph constitute the main additions this paper makes to the established literature on financial modeling. The model is then used to study the possible outcomes of experiments that simulate the events of the 2007–08 financial crisis: A randomly chosen bank suffers a write-down of a certain percentage of its assets and this loss is spread through the network of interbank loans generating further losses in all other institutions until the initial shock is fully absorbed by the system as whole. This simulation is initially run with a hypothetical set of 13 banks, all of which are approximately the same size and which emulate the top-tier of the U.S. financial system. The model is then scaled to include 200 institutions organized in a two-tier system, with 11 large banks and a periphery of smaller ones.

Struble, Matthew

Texas A&M University

University Dining Decisions: Do College Students Make Rational Decisions in the Market for Meal Plans

Coming into college, students quickly learn to do many things their parents used to do for them. They are forced to begin making significant decisions, many for the first time. My research will examine the dining plan purchases of students at Texas A&M over time to determine whether these students are able to make rational, utility-optimizing decisions. I will look to see if students change their purchase behavior after becoming familiar with the system, and after evaluating their prior purchase decisions. This study should find either that students do, indeed, make good decisions, or that they do not bother to evaluate their purchase history in order to optimize in the future. This is an important question in that it examines how prepared students are to make significant decisions once they are away from home, and it gives a glimpse of their maturity and increased decisionmaking ability as they move through college. If students are unable to optimize, perhaps some sort of program should be created to better educate them on dining plan purchases, and potentially to

teach basic skills in rational purchase behavior. At this time, results are still pending as the data was only recently acquired.

Tixier, Daniel

LeTourneau University

A Statistical Examination of the Relationship Between Interest Rates and Money Supply in France, Germany, Spain, Japan and the United States Since 1980

In this paper the statistical significance of the relationship between money supply and interest rates is examined among major-market economies during the past few decades, specifically France, Germany, Spain, Japan, and the United States. Two opposing concepts are inextricably linked to a study of this nature, the Fisher effect and the liquidity effect. From using linear regression techniques on the data it was found that overall the liquidity effect does a superior job in explaining observed trends in the relationship between interest rates and money supply. All of the countries, with the exception of Germany, had similar trends with high levels of statistical significance. It is concluded that Germany's deviation from this trend can partially be explained from external political and economic factors.

VanNattan, Rebecca

LeTourneau University

An Examination of the Accuracy of the Uncovered Interest Parity and Purchasing Power of Parity Models When Applied to Developing Countries

This paper investigates the uncovered interest parity (UIP) and the purchasing power parity (PPP) models by analyzing them to see if they are applicable to developing countries. In this paper, we test the two models with data from the past 30 years. We use data from the three following developing countries: Mexico, Costa Rica, and Honduras. Then, we compare this data to data from the developed country of the United States. A regression analysis is run to see if any correlations between the countries used in the models exist. Our findings indicated the UIP equation is not, in the long run, a completely reliable model for developing countries. However, our findings also showed the PPP equation is accurate for developing countries (even in the long run), especially in the case of Mexico.

Welborn, Derek

Texas A&M University

Intertemporal and Cross-Sectional Substitution in Charitable Giving

In 2009, according to data compiled by Giving USA, the total charitable giving by Americans was \$303.75 billion, or 2.1 percent of gross domestic product. Charities often use matching grants to help raise funds. While the efficiency of various matching systems has been studied, most of the previous research focused on the effect that matching a donation has on fundraising in a vacuum—that is, one charitable cause and one time period. Our data will allow us to observe the effects that matches have not only on the subset of people who donate to a certain charity, but on the whole charitable giving landscape. The results of our research can be applied into

improving the efficiency of fundraising efforts. We use data from DonorsChoose.org, an online fundraising platform for public school teachers, to investigate the degree to which matching grants crowd out giving. We examine the flow of funds to projects as a function of whether it is eligible for a match, how long it has been since a match was live for which it would have been eligible, and how many of its competitors are matched. We define the competitors as projects which are similar based on location, subject and student ages. This allows us to identify the degree of intertemporal and cross-sectional substitution. We expect to confirm our hypothesis that linear matching schemes do not bring in new money for a project, but instead they shift funds that would have been directed to an unmatched but similar project to the matched one.

Notes

