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# THE COVERAGE OF ECONOMIC CONCEPTS IN HIGH SCHOOL UNITED STATES HISTORY TEXTBOOKS

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## ABSTRACT

*In 1998, the National Council on Economic Education (NCEE) commissioned a survey regarding the status of K-12 economic education in the United States. The focus of the survey was the development, implementation and testing of state level economic standards. The survey was updated in 2000. According to the updated survey, 48 states and the District of Columbia include economics in their standards. However, only 16 states require that an economics course be offered and only 13 states require students to take an economics course. The mismatch between what students should know about economics, as reflected in the standards, and courses students are required to take or even have the opportunity to take, is a concern for those involved in economic education. How can students learn economics if they do not take a course in economics? One possible answer to this concern is infusion. Infusion is the idea that students can learn the important concepts of one discipline while taking a course in a different subject. For example, students can learn economics in a history course when the teacher infuses economic concepts while teaching history. A teacher can infuse economic concepts in a history lesson through lecture, exercises or supplemental readings. The teacher can also infuse economic concepts by discussing what already exists in the text. The premise of this study is that the coverage of economics within a text will influence a teacher's ability to successfully infuse economics within the context of a history lesson.*

*This study examines the coverage of economics in United States high school history textbooks in three ways. First, six recently published textbooks are evaluated with regard to the extent and depth of coverage given to specific economic concepts within the text and to the amount of economics specific ancillary material. Second, sixteen randomly selected textbooks published between 1975 and 1991 are compared to the recently published textbooks regarding the amount of economics specific material. Finally, the textbook, *History of a Free Nation* is evaluated on the same criteria but over various editions since its first edition published in 1954.*

*The infusion of economic concepts can be implemented in several different subjects, so why United States history classes? According to the National Center for Education Statistics, 94.8% of high school graduates earned 1 credit (equivalent to one year) of United States history, comparatively, 78% completed .5 credits (equivalent to one semester) in American Government, 43.8% completed .5 credits in economics, 31.8% completed .5 credits in sociology/psychology and 24.4% completed .5 credits in geography. More high school graduates are exposed to United States history (and for a longer time) than any other social studies discipline. For learning economic concepts, a United States history course is not a substitute for a course in economics, but it is a logical place for infusion to occur.*



# COUNTRY/AMERICAN BUSINESS PER WORKER PRODUCTIVITY COMPARISONS

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## ABSTRACT

*This paper quantifies and creates a comparative analysis of the per worker productivity across the wealthiest nations ranked by Gross Domestic Product (GDP) and the largest American companies ranked by sales. The per worker productivity measure was used using the workforce of the largest nations and the employee count of the largest American business ranked by sales. A third comparison was made which ranks the largest countries ranked by GDP with the largest American companies ranked by assets. These comparative data are meant to assist educators and the larger interested public in attaining a realistic conceptualization of how large and productive American businesses have become when compared to the nations of the world. The data shows that companies are more productive than nations when per worker comparisons are used. The data also shows that six American companies have assets that place them within the largest thirty nations ranked by assets compared to GDP.*

## INTRODUCTION

There are measurement problems when comparing productivity levels, especially when comparing data across industries and countries (Bernard and Jones, 1996). Qualitative and quantitative measure problems occur due to differences in economic capabilities and access to goods and services (van Ark and McGuckin, 1999). These inherent measurement problems do not assist teachers and students in developing a conceptual understanding of how productive American businesses are in providing national and international standards of living. This paper quantifies and creates a comparative analysis of the per worker productivity across the wealthiest nations ranked by Gross Domestic Product (GDP) and the largest American companies ranked by sales. The per worker productivity measure was used using the workforce of the largest nations and the employee count of the largest American business ranked by sales. A third comparison was made which ranks the largest countries ranked by GDP with the largest American companies ranked by assets. These comparative data are meant to assist educators and the larger interested public in attaining a realistic conceptualization of how large and productive American businesses have become when compared to the nations of the world. The data shows that companies are more productive than nations when a per worker comparison is used. The data also shows that six American companies have assets that place them within the largest thirty nations ranked by assets compared to GDP.

## STUDY LIMITATIONS

The study uses data that is the most current available. The data, however, does not attempt to explain the various reasons concerning why there are disparities among national GDP measures and American businesses sales and assets. The study does not take into account measures of democratic and autocratic national governance or corporate administrative practices. There was also no consideration is given to the products and services produced.

There are inherent problems comparing company sales to countries GDP since the company's sales are not the total of goods and/or services produced. One may reasonably assume that companies make or provide goods and services, which are not sold and may be held in inventory as assets. The country GDP measure is an indicator of the total value of all goods and services

produced in a given year. In this regard, the business sales figure underestimates the productivity per worker figures provided and therefore do not effect the rankings provided in the country/business comparisons.

Table 3 also compares national GDP to company assets. While informational, comparisons to country assets to company assets would have greater accuracy. Attaining country assets was not estimable with any degree of consistent accuracy and was beyond the capability and scope of this study. The GDP/Assets contrast does provide the conceptual comparison desired for educational study and discussion and was therefore used.

## STUDY RESULTS

Data for Table 1: Countries by GDP were obtained by accessing the CIA Factbook at URL: <http://www.cia.gov/cia/publications/factbook/>. Individual countries were searched and the data obtained concerning the countries GDP, population and workforce. The population measurement was not used for the purpose of this study but the author included this information for educational discussion purposes. Future studies may include workforce population comparisons in determining future productivity capabilities. The largest countries ranked by GDP were:

Insert Table 1 about here.

Data for Table 2: Companies by sales were obtained from Forbes.Com URL: <http://www.forbes.com/2005/03/30/05f2000land.html> and then searched by Rank. The data included company name, sales, assets. The company number of employees was searched individually from the site. The employee numbers are current as of 2/28/2005. The results were:

Insert Table 2 about here

The rankings in Table 3: Country/Business Ranking by GDP/Assets was calculated from the data attained in Tables 1 and 2 respectively. When this comparison is made, Americas largest bank Citigroup ranks as the 9th largest economic entity. Bank of America ranks as the 11th largest economic entity. Citigroup has more assets than all of the goods and services made in Russian in one year. Bank American has more assets than all the goods and services made in Canada in one year. In all, six American companies rank within the top 30 GDP/Assets rankings. It is interesting to note that if the sales of all the American companies ranked were added together the total is \$2,523,480,000 making them the 5th largest economic entity, larger than the United Kingdom. The total rankings were:

Insert Table 3 about here.

The rankings listed in Table 4: Country Productivity per Worker was calculated from data contained in Table 1 by dividing the GDP of the country by its total workforce. When per worker productivity measurements are used, China, which ranked 1st in GDP, falls to third from last. Italy raises in the rankings to first place. While this shift in country rankings between tables may be influenced by the sheer number of workers, there may also be a reasonable supposition that China is not making goods and services in as efficient and effective manner as other large countries. The same observation could be applied to India as well. The Netherlands, however, moves up to 2nd place in per worker productivity even though it ranked third from last in GDP. The productivity rankings are:

Insert Table 4 about here.

The rankings listed in Table 5: Business Productivity per Worker was calculated from data contained in Table 2 by dividing the company sales figure by the number of company employees. It is not surprising that the company with the least workers move into the top ranks of the most productive per worker. AmerisourceBergen raises from 3rd from last in sales to 1st place in productivity per worker. Walmart, with the most workers (1.5million), goes from first in sales to last in productivity per worker. General Motors, Ford Motor, and General Electric, conversely, demonstrate efficient resource utilization by showing greater productivity per worker than those companies with less workers and this greater productivity may be related, at least in part, to the labor intensive requirements of the company product.

When productivity per worker data from Table 5 is compared to Country productivity per worker data from Table 4 there is a demonstrated profound difference. Countries do not attain the per worker productivity of American companies. The lowest per worker productivity figures of Walmart (\$190,147) are approximately three times the top per worker productivity of Italy (\$66,296). American oil companies are extremely productive per worker and given the current refined oil squeeze, these numbers should grow exponentially in 2006. When Company sales are totaled from all the companies listed in Table 5 and this total is divided by the total number of workers, the per worker productivity exceeds any figures derived in Table 4. The total productivity per worker for all American Companies listed is \$476,204 ,over seven times the productivity per worker of the most productive country per worker. Total Company Productivity per Worker rankings are:

Insert Table 5 about here.

## CONCLUSIONS

American companies are productive and wealthy entities. Six American companies rank within the top 30 GDP/Assets rankings when company assets are compared to the value of goods and services produced annually by the largest countries ranked by GDP. When the sales of all the American companies are summed they rank 5th among the largest GDP ranked countries. When per worker productivity is compared between the largest countries ranked by GDP to the largest American companies ranked by sales, American companies have higher per worker productivity across all comparisons. The total productivity per worker for American companies is seven times the most productive country per worker.

The results of the study would indicate that American companies are highly productive in providing goods and services. Countries that would like to improve worker productivity may benefit from studying the operations of these American companies. The data gives reasonable indications that countries do not utilize workforces as efficiently as private American companies. The reasons for these indications should be the focus of future studies, which take into account the governance relationships between a country and it's businesses, the technological development of businesses within individual countries, and the goods and services a country encourages it businesses to produce. Countries will have to demonstrate the political will to undertake the study of American corporate operations and management structures and promote the needed change to create greater efficiencies in workforce utilization.

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# STUDENT PERFORMANCE FACTORS IN ECONOMICS

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## ABSTRACT

*This paper is the result of a continuing look at student performance in economics over a 15 year period. The conclusions of the 1991 study are not significantly different from those indicated in 1998; the 2005 study did find some important difference. Class attendance is still a significant predictor of success in economics. The one element of the study that was both alarming and challenging is the fact that students are missing more class than in 1991, particularly in the lower level courses. The importance of attendance seems to be lost on many students as the number of absences continues to climb. We need to encourage regular attendance since we know that is reflected in final grades. Students who come to class regularly simply out perform those who do not. The pressure on students to attend college is always a challenge for those who must work in order to pay the fees. When jobs affect attendance they have a devastating effect on performance.*

*The 2005 study discovered that although attendance in general is declining, it is declining more among males than females. The results is that the conventional wisdom about males being better at math related courses like economics than females is proving less true as the females outperform males relative to class attendance their grades are improving. Finally attitude is still a significant factor, students that believe economics is important and enjoyed the class have a better attendance record and higher grades than those who do not. Attitude is becoming an increasingly important factor in student achievement, particularly in economics.*



# MOTIVATING THE RELUCTANT, NOVICE LEARNER: PRINCIPLES OF MACROECONOMICS

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## ABSTRACT

*Most instructors recognize the correlation between student motivation and academic learning and achievement. This is supported by literature not only establishing the link, but also work that includes myriad strategies for affecting multiple aspects of motivation. As a result, instructors who may desire to improve student motivation in their courses, but are unclear about how to address this vague, but important concept can seek out indications of how they can begin. A specific model (ARCS) was developed by John Keller (1983) to help instructors operationalize the important elements of motivation so that they could improve the impact of their instruction. The ARCS model—by examining the motivational constructs of attention, relevance, confidence and satisfaction—provides a practical framework for faculty to design instruction that increases student motivational perceptions. The CIS (Course Interest Survey)—designed to measure the ARCS model subscales—allows for evaluation of these motivational elements in a specific course. This paper describes how the ARCS model can be used to design and improve instruction in the economics classroom. Strategies are presented for increasing student perceptions in four motivational constructs. Specific economics examples and instructional ideas are offered to give practical applications of the model. Finally, the Cis is then used to evaluate course redesign to enhance relevance and confidence measures in a Principles of Macroeconomics course.*



# PROCEEDS OF THE NEOLIBERAL REFORM TO WOMEN IN TURKEY: AN ASSESSMENT THROUGH STATISTICAL DATA

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## ABSTRACT

*Moving to a market system following 1980s bring in new opportunities for women in Turkey moving them out of the house thus opening their way to paid work. This increased women's present and future chances to have a stake in the national economy favoring their status also domestic growth. While the new system contradicting traditional mentality and offering higher independence and self-sufficiency seeming to be beneficial for her understandably have its demerits as well. Not so different than what it is in Western countries now Turkish women have to make their preferences between family and business life sometimes (actually most times) hard to balance. Changes in Turkish domestic value system end in a mindset in society rising women's share in education and employment, an advantage paradoxically leading to a disadvantage as increases in divorce rates with falls in that of marriages and fertility.*

## INTRODUCTION

The adoption of a market economy in early 1980s in Turkey also necessitated tailoring of the existing traditional system calling for alterations in the social and cultural infrastructure of the country. Liberal components imported by the new system meant promises for opportunities and new openings for women keeping her out of the house to become a part of the business life. Neoliberal reform is accompanied by a group of changes in her role in society increasing female participation rates in education, training, employment that ended in increases in divorces, and decreases in marriages and fertility. For the last two decades the legal code is modified for her advancement (Gurol, 2002).

## STAND OF WOMEN IN TURKISH SOCIETY: BEFORE AND AFTER THE "NEOLIBERAL REFORM"

Foundation of the Turkish republic in 1923 triggered a revolutionary action for women such as the compulsory monogamous marriage, right to divorce, child custody, property rights in marriage, and the right to elect and to be elected for the parliament (GDSPW, 1999, p. 8-13). An achievement, being revolutionary rather than evolutionary, this resulted in significant changes in women's role and place in social life leading to more women in education, business life, politics and parliament membership.

The outcome of the "republican reform" furthermore concluded in a conceptual transformation in the mind-set of the general public. This used to be a significant issue for carrying the seeds of a mental revolution blossoming in the minds and hearts of people additionally encouraging and accelerating the reform in the social, educational, ethical and cultural context of the system. Yet, the revolutionary change leaded by a dedicated leader and followers, however inspirational and fundamental, undoubtedly had to challenge against a time honored and traditional value system hard to remodel.

The “neoliberal reform” following 1980s affecting domestic social, cultural and economic structures stimulated the lifestyle of (especially urban) Turkish women beyond many other things. Increases in the cost of living, vast layoffs as a by-product of the privatization program, unemployment and project basis jobs substituting lifetime others all had a pull and push affect on women leading her to paid work and entrepreneurship. This used to be true especially in cases where the husband lose his job or the needy single woman have to have an outside paid work to make a living. Consequently;

**Hypothesis 1. Neoliberal reform end in increases in the rate of women in paid labor.**

“Time allocation surveys show clear differences in work patterns by sex.” This is verified by the data in UNDP Human Development Report 1995 revealing “clear differences in work patterns for women and men” (UNIFEM, <http://www.unifem-eseasia.org/resources/factsheets/Gendis1.htm>). Having to combine paid work and education with housework and motherhood urge many women to make a choice between the first and marriage and family. In many transition economies women prefer the former following the neoliberal current that provide a conceptual change in their favor. “For women, literacy and higher educational attainment have eased their entry into the paid labour force, which has provided many more women than in the past with social security and related benefits” (ESCAP, [http://www.unescap.org/esid/psis/publications/theme1998/part2\\_5.asp](http://www.unescap.org/esid/psis/publications/theme1998/part2_5.asp)).

In such economies women planning career have left marriage to a later stage in their lives. Today Turkish women in increasing numbers are in parallel tendency similarly favoring paid work and career to marriage and family. Being conscious of the present opportunities women are now more prepared and willing to make their own future through higher education a vital issue promising economic independence. Consequently;

**Hypothesis 2. Neoliberal reform triggered increases in the rate of women in education.**

Women’s growing tendency towards paid work and education making their time increasingly limiting for house and children care, spark off conflicts between couples. As a result of the traditional mind-set men still feel that such “mission”--however difficult in certain circumstances--need to be accomplished by the “other.” As a discouraging and intimidating factor such tendency ends and discourages marriages. Economic independence makes women more capable to portray and identify herself in society qualifying marriage as a second degree must. Especially in metropolitan areas there is a large number of successful and single career Turkish women existing as role models for their category. There are falls in the number of births for more women today perceive having children as a hindering factor limiting their progress and career, a growingly domineering tendency in developing economies. Consequently;

**Hypothesis 3. Neoliberal reform lead to falls in marriages and fertility rates, while encouraging divorces.**

**FACING REALITIES OF THE DAY THROUGH STATISTICAL DATA:  
THE REACH OF THE CHANGE**

**Hypothesis 1. Neoliberal reform end in increases in the rate of women in paid labor.**

Employment Status	Categories	
	Women	Men
Regular employee*	94.0	39.8
Casual employee**	49.2	18.3
Employer***	453.8	78.6
Self-employed****	<u>92.2</u>	<u>9.6</u>

Source: SIS. (2003). Statistical Indicators, 1923-2002. State Institute of Statistics, Printing Division: Ankara, 161.  
 \* Salary or wage earner  
 \*\* Persons depending on employers on temporary basis such like seasonal work  
 \*\*\* Person employing at least one person in his/her field of activity  
 \*\*\*\* Persons working in their own business by themselves or with unpaid family workers.

**Hypothesis 2. Neoliberal reform triggered increases in the rate of women in education.**

Years	Men	Women
1975	76.21	50.51
1980	79.98	54.67
1985	86.52	68.16
1990	88.81	71.98
<u>2000</u>	<u>93.86</u>	<u>80.64</u>

Source: SIS. (2004). Turkey's Statistical Yearbook, 2003. State Institute of Statistics, Printing Division: Ankara, p. 40.

**Hypothesis 3. Neoliberal reform lead to falls in marriages and fertility rates, while encouraging divorces.**

<b>Table-III Population by higher education levels (1975-2000) (25&gt;- age)</b>		
Years	Men	Women
1975	56 453	242 051
1980	142 384	510 044
1985	197 302	639 870
1990	358 982	927 560
<u>2000</u>	<u>910 885</u>	<u>714 426</u>

Source: SIS. (2004). Turkey's Statistical Yearbook, 2003. State Institute of Statistics, Printing Division: Ankara, p. 40.

<b>Table-IV Schooling ratio by higher education 1977/78-2001/'02 (%)</b>		
Education Years	Men	Women
1997/98	25.22	17.19
1998/99	25.23	17.40
1999/'00	24.55	17.42
2000/'01	23.87	17.53
2001/'02	24.13	18.17

Source: SIS. (2004). Turkey's Statistical Yearbook, 2003. State Institute of Statistics, Printing Division: Ankara, p. 83.

<b>Table-V Crude marriage rates and average marriage age (1970-2000)</b>		
Year	Crude marriage rate* (%0)	Ave. marriage age (women)
1970	7.13	2.00
1975	6.82	20.80
1980	8.25	22.10
1985	7.26	21.80
1990	8.19	22.00
1995	7.64	22.50
2000	6.84	23.20

Source: SIS. (2003). Statistical Indicators, 1923-2002. State Institute of Statistics, Printing Division: Ankara, 25.  
\* The ratio of the number of marriages in a given year to the mid-year population in thousands. Such rates are for both sexes.

Year	Crude divorce rate (%0)	Divorces by Incompatibility*
1970	30	100.00
1975	32	165.80
1980	36	182.45
1985	37	217.34
1990	46	306.69
1995	48	354.89
2000	53	430.18

Source: SIS. (2003). Statistical Indicators, 1923-2002. State Institute of Statistics, Printing Division: Ankara, 26, 30.  
\* Year 1970 being 100.

Years	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Total fertility rate (%)	2.62	2.57	2.52	2.46	2.43
Gross repro. rate (%)	1.28	1.25	1.23	1.20	1.18
Net prod. rates (%)	1.20	1.18	1.15	1.13	1.12
<u>Cru. birth rate (o/oo)</u>	<u>22.6</u>	<u>22.2</u>	<u>21.7</u>	<u>21.3</u>	<u>20.9</u>

Source: SIS. (2004). Turkey's Statistical Yearbook, 2003. State Institute of Statistics, Printing Division: Ankara, p. 61.

## CONCLUSION AND COMMENTS

Transformation process from public to private form does not merely mean a change in the traditional economic structure. It also calls a specific value system unique for a liberal economy despite that changes in conventional structures can lead to inconsistency and contradictions in systems. However, the resistance of the traditional order in recognizing and approving the new forms conveyed by the mind-set carried through the neoliberal value system is becoming ineffective and meaningless in time. The progress and stand of women in transition economies is one such issue that is now hard to be hampered by the traditional forms.

Turkey, an early catcher of the neoliberal currents happen to be more successful in tailoring her conventional structures to those of the new order than similar transitionals--not merely in economic but also in the social and cultural means. Starting from early 1980s while chances of women in education and employment prove to be increasing there are falls in the rate of marriages and fertility beside rises in that of the divorces--side effects of the first two parameters. All these primarily triggered a conceptual change in regard to the stand of women in society.

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# **GUO'S DUMMY SPECULATION: BLIND INVESTMENTS ON RISING OR FALLING STOCKS**

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## **ABSTRACT**

*This paper simulates the stock market, during the bull market period, and attempts to speculate and profit from buying stocks with a sharp drop in excess of 10% and those with a sharp increase of 10% in daily stock prices. Using the descriptive analysis, coefficient of correlation and optimal scaling of regression, the results statistically showed that speculating in stocks with a daily drop of more than 10% will have an overall positive return, while speculating in stocks with a daily rise of more than 10% will have an overall negative return. It also proved a significant correlation between the stocks' earnings per share (EPS) and their returns. The significant regression models, between the EPS and returns, showed that EPS is an important indicator for the return in this speculation, under such a scenario. Although, this study needs to be replicated during the bear market period, it does provide interesting results.*



# AN INVESTIGATION OF NAMED PROFESSORSHIPS OF ECONOMICS IN THE UNITED STATES

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## ABSTRACT

*One of the long-standing traditions in universities is to bestow upon outstanding faculty members the title of distinguished chair or professor for their accomplishments in research and teaching. This paper examines distinguished professorships in the academic field of economics in the U.S. from the 1995-1996 and 2001-2002 academic years using data from the Prentice Hall Guide to Economics Faculty compiled by James Hasselback. Information provided for each named professor is tabulated to examine a comparison over the two different time periods and to provide a cross sectional analysis. We then determine a profile of the characteristics of these individuals holding named positions in economics including their academic rank, gender, in what year and from what school they received their highest degree, and their research and teaching areas of expertise. In addition, information is also provided about the characteristics of the schools where the named professors of economics received their highest degrees and which currently provide these named professorships. Other factors to determine the quality of economic programs are also examined including information about Nobel laureates in economics, Carnegie Foundation Classifications, and media rankings of the Financial Times and U.S. News & World Report.*

*Over the six year period, the number of named professorships in economics increased from 369 to 402. Our findings suggest that the typical named professor in economics is most likely to be a male, full professor, with teaching and research interests in microeconomics or macroeconomics, and is employed by a private institution. In addition, evidence shows that in 2001-2002 that only 12 schools have over 33% of all named professors in economics and that 12 schools graduated 49% of all named professors.*

*In conclusion, it would appear that schools and benefactors perceive a value in establishing named professorships. The profiles presented in this paper provide economic educators and schools interested in providing named professorships information should be helpful as they seek to establish and pursue these programs.*



## **PROPERTY RIGHTS IN COLOMBIA, 1964-2002: WHAT CAN HISTORY TELL US?**

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### **ABSTRACT**

*The purpose of this paper is to empirically test the growth factors for the Latin American country of Colombia over the last half century. Fixed effects panel data estimation for all thirty-three Colombian states indicate a significantly positive relationship between labor growth and international trade on income growth. However, crimes against private property rights and capital significantly reduce income growth over the time-series.*

### **INTRODUCTION**

Nobel Laureate Douglas North and Robert Thomas (1973) were one of the initial researchers to argue that institutions are prerequisites for economic growth. Institutions are considered social norms, educational and political systems, religion(s) of a country, and openness to trade and outside ideas among other things. De Soto (2000) argues that property rights are a particularly important economic institution because of their role as an engine of economic growth. Property rights include: ownership of resources, including titles and deeds, intellectual property rights, including patents, copyrights, and trademarks and independent and impartial legal systems.

De Soto (2000) observes great disparity in formal private property protection between developed and developing countries, and believes this to be the main determinant of divergence over the last 100 years. That is, property rights are secure in successful countries and insecure and/or unclear in developing countries.

The purpose of this paper is to test state specific economic growth determinants for Colombia. The paper also tests the validity of De Soto's property rights hypothesis. By applying fixed effects panel data methodology to annual data from 1964-2002 for thirty-three Colombian states, the property rights hypothesis is tested and confirmed; high security of property rights is positively associated with higher real economic growth rates. Other significant growth determinants are also found, such as labor force and international trade.

### **A BRIEF HISTORY OF PROPERTY RIGHTS IN COLOMBIA**

The establishment of the Spanish Empire and its government in South America resulted in the conquest of what is now Colombia. Spain used its military supremacy to generate economic rent to the crown and in part to impose Catholicism on the natives. The Spanish also generated a new concept, private property. In his seminal book, *Manual de Historia Colombiana*, Fernando Ayala (2005) states, "Europeans transferred to America its race, its language and its religion...Equally, they transmitted...sciences, technology, civil freedom and critical solutions to face problems distinctive to the Conquest and the Colony. ...the colonial society then organized lordly land concentration over time..." (Ayala, 2005, p. 20).

Towards the end of 1858, Colombia was named "Cofederación Granadina" (1858 -1863). Officially, the stately confederation followed a general free market policy called "librecambio."

During this period land owned and administrated by the church was reassigned to laity, although ownership was not. Essentially, natives could farm the land reassigned to them, but they could not own it. Colombia's name again changed to "Estados Unidos de Colombia" from 1863-1885. With a new constitution and economic system based on capitalism, several new freedoms were granted, including private property laws, see Kalmanovitz (2001) for details.

In 1886, with the creation of a new Constitution, the country took its actual name of "República de Colombia". Over the next 120 years the initial property laws of the librecambio have been weakened by several laws and executive orders. For example, when the conservative party took over power (i.e. 1886 -1930), they denied democratic guarantees including some ownership liberties. They also refused to pass additional private property reforms. Rincón (1973) argues that laws in Colombia are made without any specific principle except to protect vested interests that cause much of the corruption and inefficiencies with the State. Montenegro and Posada (2001) cite different analysts that observed higher violence in distant regions where economic growth is based on exploitation of cocaine, petroleum, emeralds and gold. They also show that the increase in violence and illegal activity within the country are associated with the justice system collapse and otherwise weakness within institutions, namely property rights. Today, Colombian private property rights remain fairly weak relative to most developed countries.

### PER CAPITA INCOME GROWTH REGRESSION

The regression equation in this article is an extension of Mankiw, Romer and Weil's (1992) augmented Solow equation that allows for conditional convergence. Specifically, the equation of interest is in per capita terms, shown below as:

$$\text{GPCY}_{it} = a_0 + \sum_{j=2}^{33} \gamma_j D_{jt} + a_1(\text{PCY}_{t-1,it}) + a_2(\text{GLABOR}_{it}) + a_3(\text{HUMAN}_{it}) \quad (1)$$

$$+ a_4(\text{GTRADE}_{it}) + a_5(\text{PROPCRIME}_{it}) + u_{it}$$

where  $\text{GPCY}_{it}$  is the growth of real gross state product per capita for state  $i$  in time  $t$ ,  $\text{PCY}_{t-1,it}$  the conditional convergence term, is state  $i$ 's previous period real income level,  $\text{GLABOR}_{it}$  is the growth of state  $i$ 's labor force for time  $t$ ,  $\text{HUMAN}_{it}$ , a proxy for human capital, is the level of secondary attainment for state  $i$ ,  $\text{GTRADE}_{it}$  is the sum of the growth of real exports plus real imports for state  $i$  at time  $t$ , and  $\text{PROPCRIME}_{it}$  is the level of criminal acts against property, capital, and general property rights for state  $i$  during time  $t$ , and  $u_{it}$  is the error term.

Annual data for Colombia's thirty-three states were collected from 1964-2002 to test which of the growth determinants were significant to its overall development process. Panel data methodology in this paper follows the pooling technique described by Kmenta (1986).

### EMPIRICAL RESULTS AND ASSESSMENT

The national results indicate conditional convergence is found for the thirty-three states, meaning that low-income states (i.e. Amazonas and Guainía) experience faster income growth than high-income states (i.e. Valle del Cauca and Antioquia). Labor growth and the growth of trade are positive and significantly associated with income growth. Interestingly, human capital is not a significant growth variable, indicating that other institutional variables, including property rights, may be more important in the long run. As expected, however, the coefficient on crime against property rights is negative and significant at the 95 percent level for the thirty-three states tested.

## CONCLUSION

The purpose of this paper is to test the growth determinants of Colombia on a state specific basis. Using fixed-effects panel data for thirty-three of Colombia's states from 1964 to 2002, support for a negative and significant relationship between property rights crimes and economic growth is found. The results of this paper indicate that institutional conditions play a significant role in the continuance of the cycle of poverty.

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# IMPACT OF THE GAMING INDUSTRY ON LOCAL EMPLOYMENT AND PERSONAL INCOME

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## ABSTRACT

*In the last decade gaming industry has grown steadily in the United State. According to American Gaming Association, its revenue has more than doubled between 1993 and 2003 from \$34.7 billion to \$72.87. Moreover, the casino gambling industry has spread from its traditional base in Nevada and New Jersey to the Gulf Coast, the Midwestern states and many other locations in the country including building of a large number of Native American casinos. However, community debate still continues whether to treat the gaming industry as any other business or treat it as a negative business necessary only to revitalize a community or to increase the revenue base for a given city and the state. Different state and local authorities provide different arguments in favor or against the industry. But the success of New Jersey approach in the Atlantic City to use casino industry as a revitalization tool for the community remains a very inspiring model.*

*However, it is important to note that not all gaming solutions result in the intent revenue increase, job growth or other socio-economic benefits for the local community. For example impact of gaming has been less than successful in many Native American experiments. In many Native American casino business has been slow and/or impact on the concerned Native Indian population has been much less than projected or in some cases it has been negative.*

*The purpose of this research is to study the impact of gaming, mainly casino industry, on the local community and how the economic impact varies with the size of population in the local community. This research will focus only on the communities where casino has made entry during the period of 1990-2000. That is, this study will exclude all old established gaming/casino centers. We will select a sample of thirty casino communities. For each center, we will collect data for 9 years. This will include 4 years of data prior to opening of major casino center, year of opening and 4 years after casino centers has been in existence. The data for this research will largely come from the Bureau of Labor Statistics and Bureau of Economic Analysis. The American Gaming Association will be the sources for the casino profiles data.*



# A REASSESSMENT OF THE RELATIONSHIP BETWEEN INCOME INEQUALITY AND POVERTY

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## ABSTRACT

*The paper challenges the belief that income inequality causes poverty. The state data set instead of international database is used to investigate whether or not a rise in income equality causes an increase or decrease poverty rate. The methodology suggested by Learner (1983) and Levine et al (1991) is used to test the robustness of income inequality coefficient estimates by specifying and altering a set of other conditioning variables which explain poverty. The study finds support for the hypothesis that income inequality may cause economic growth and hence reduce poverty.*

*The experience of the United States clearly indicates that in the 1990's, the so called New Economy period, the wage increase of managers and CEO's far exceeded the wage increase for workers and judged by any standard or measure the rich became richer. But did the poor become poorer? During the same period, the country experienced an inordinate growth rate and a poverty rate plummeted to its lowest level recorded in the history of this country. The percentage of poor declined steadily from 13.5 percent to 9.6 percent. It is difficult to generalize, however. The two decades between 1973 and 1993 have witnessed widening gap between rich and poor, low growth rate and increase in number of people in poverty. The period between 1960 and 1973 was marked by a steady decline in income inequality, rising growth rate and declining poverty rate. Needless to say, the debate regarding the income distributional effects on economic growth and poverty are still unsettled. Barro (1999) after a comprehensive review of literature concludes, "the theoretical ambiguities do, in a sense, accord with empirical findings, which tend not to be robust".*

*From a theoretical standpoint why would rising income inequality cause a decline in poverty rates? There seems to be three distinct reasons: First, spurt in technological change always create new fortunes and at the same time improve the wages and living conditions of those who are at the bottom of income scale. This was true during the Industrial Revolution in Britain and railroad construction and recent computer and Internet revolution in the United States. Second, higher skill levels required by new technology creates a demand for both more technical and advanced education. An increase in the quantity and quality of education creates a wider disparity among the skilled and unskilled workers and contributes to greater income inequality. However, a better educated labor force also causes a decline in poverty. The poverty rate among college educated persons is barely 3.2 percent compared to 9.2 percent among those who have high school education. Third, massive influx of immigrants also contributes to a decline in poverty and more wage disparity. The immigrants generally (particularly Asians) have greater differences in education level (and hence in income) compared to native population.*

## METHODS

In what follows, we use the methodology suggested by Learner (1983) and Levine et al (1991) to test the robustness of income inequality coefficient estimates by specifying and altering a set of other conditioning variables which explain poverty. It is assumed that the income inequality

coefficient is statistically robust if it's *a priori* sign and statistical significance are insensitive to alternations in the conditioning set of variables.

The initial regression model includes the following:

$$(1) \quad P_i = a + b_1 U_i + b_2 Y_i + b_3 W_i + E_i$$

Where  $P_i$  is the poverty rate,  $U_i$  is unemployment rate,  $Y_i$  is per capita income,  $W_i$  is the percentage of woman head of household in state<sub>*i*</sub> and  $E_i$  is error term

Next, the robustness of the income inequality coefficient was tested by adding and altering a set of generally accepted variables in poverty literature. Equation 2 represents a general model that includes the following:

$$(2) \quad P_i = aS + b_1 I + b_2 P + E$$

Where  $P_i$  is the poverty rate;  $S$  stands for a set of variables, which are generally included in most empirical studies on the determinant of poverty. These variables include  $U_i$  is unemployment rate,  $Y_i$  is per capita income,  $W_i$  is the percentage of woman head of household in state<sub>*i*</sub> (see equation 1). “ $I$ ” represents the variable of interest, in this case, a measure of inequality represented by the income gap between the riches 20 percent and the poorest 20 percent of the population in state<sub>*i*</sub> and “ $P$ ” represents a pool of other potential variables, which are identified by researchers on poverty. The list of “ $P$ ” variables include the following: percentage of population over 65(over65), the percentage of population employed in agriculture (AE), percentage of population employed in manufacturing (ME), and fertility rate (F) and “ $E$ ” represents the error term. Most studies on poverty also include “education,” because poverty and education are inversely related. However, since income and education are highly correlated, we excluded education variable in our model.

The cross- section data from 50 states within United States was used to retest the hypothesis that the incidence of poverty is inversely related to the income inequality. Our predilection for state data instead of the international data is based on the established fact that “that the international data are marred by incomplete coverage, biases and errors of measurement (Srinivasan,1994, Fields 1989, Barro 1999). In the same vein Janvey and Sadouler (1995) lament that ‘in general, the levels of poverty and inequality remain difficult to compare across countries because they often correspond to different concepts’”.

The cross-section data for 50 states are derived from the Institute of Economic Policy study entitled, Pulling Apart: State by State Analysis of Income Trends: State Specific Fact Sheets, and historical poverty and income inequality tables from the Census Bureau.

We prefer income gap to Geni Coefficient as a measure of income equality for the following reasons: (1) it is at best misleading to try and capture the whole income distribution represented by the Lorenz curve by one number- the value of Geni coefficient); (2) the Geni coefficient is more sensitive to changes in income distribution in the middle than to changes in income distribution at the either end; (3) distribution of income described by the Geni coefficient is ordinal rather than cardinal. Admittedly, the cardinal distribution has its own problems. The cardinal measure presumes that any change in inequality resulting from transfer between two individuals depends not on their rank in income distribution, but on their income shares.

However, our preference for income gap over Geni Coefficient may not matter because Barro (1999) cross -country study of 76 countries reveal that Geni value is “ particularly highly correlated” with the highest quintile share in income.

The study finds support for the hypothesis that income equality may cause economic growth and hence reduce poverty. The coefficient of income inequality as an explanatory variable maintained its robustness (negative sign and statistical significance at its extreme bounds) even

when it was combined with other conditioning variables. Further research would require an empirical investigation of the path(s) by which the income distribution affects the poverty level.

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## **ON THE SOURCES OF INFLATION: THE CASE OF MENA COUNTRIES**

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### **ABSTRACT**

*We investigate possible sources of inflation in six MENA countries using the monetarist approach. The selected countries have undergone three different inflationary experiences: low, moderate, and high. Our results provide uniform evidence across the different regimes supportive of the key role of money growth in determining inflation. Tests of exogeneity lend further credence to the monetarist interpretation of inflation across all inflationary regimes. The main message from the empirical analysis is that, regardless of whether inflation is influenced by external factors and/or by the expectations of higher inflation, and irrespective of the intensity of the inflationary process, the results are unambiguous in suggesting that domestic inflationary pressures in all six MENA countries can be effectively controlled from within through restrictive monetary policies.*



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## **FED CONSPIRACY USED IN TEACHING MONEY AND BANKING**

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### **ABSTRACT**

*This paper examines how a Federal Reserve "conspiracy theory" booklet, Billions for the Bankers, Debts for the People, can be used at the end-of-the-semester in a money and banking course. Readings such as this one are commonly available from various distributors and also exist on various web sites. Much of the knowledge and many of the economic concepts learned during the semester can be applied to this and similar readings to explain how some parts of these conspiracy readings are based on fact, and how the addition of some creative thinking along with these facts can create conspiracy theories.*



## **FACTORS INFLUENCING GOVERNORS' SALARIES, 1961-2001**

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### **ABSTRACT**

*This paper examines the determinants of governors' salaries for the forty-eight contiguous states. A state's per capita personal income, population, unemployment rate and previous directional change in salaries are the primary determinants of governors' compensation. Yet, unlike previous results in the literature, findings here suggest that state per capita revenues and expenditures are both statistically and economically insignificant determinants of governor pay. Further, there appears to be a large amount of convergence among salaries over the forty year sample period; the states with lower pay in 1961 experienced faster growth in their governor's compensation.*



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