Volume 13, Number 1 **ISSN 2150-5063**

Allied Academies
International Conference

New Orleans, LA
April 14-16, 2010

Academy for Economics
and Economic Education

PROCEEDINGS

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ATTENDANCE, GRADES AND LEARNING IN THE PRINCIPLES OF MICROECONOMICS CLASS

John J. Bethune, Barton College

ABSTRACT

Prior studies of how attendance affects performance in principles of economics classes have generally concluded that there is a positive and significant correlation. However, these studies have generally taken place in large lecture classes and measured performance by scores on exams or semester grades. This paper examines this relationship in smaller, attendance optional, classes and uses both the grade in the course as well as pre and post test scores by students on the Test of Understanding in College Economics. The pre and post difference on the TUCE is offered as a proxy for actual learning.

Preliminary results suggest that there is a significant and positive relationship between attendance and semester grades, but this does not seem to be the case with respect to the relationship between attendance and gains on the TUCE. Further, it appears that the relationship between grades and attendance is not linear and only gains significance when a student misses more than four classes.

The paper includes other student characteristics in various models of what might best predict student performance and also develops a model that regresses these characteristics on the attendance variable in order to identify factors that might influence class attendance.

IMPERFECTLY COMPETITIVE HEALTH CARE MARKETS-THE ISSUE IS FAIR PRICING

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ABSTRACT

This document analyzes the health care industry as it currently operates in the American economy. The introductory section explores the challenges and problems being encountered. The following sections evaluate how it measures up to models of pure competition and models of imperfect competition. Finally, the discussion will center on the issue of fair pricing and the choice of regulation by markets vs. regulation by government.

INTRODUCTION

A Competitive Market is characterized by many buyers and many sellers such that no one individual can affect prices. It is a setting where competition serves to regulate prices in a natural way leading to fairness to those who demand and those who supply in the market place. This is the ideal outcome envisioned by those advocating market direction in the vision of Adam Smith's "invisible hand" concept. If only the real world were this way in all of the different market places.

The role that government plays in the market economy will always remain one of normative value judgment about the proper balance between market direction and government direction. These judgment issues tend to emerge in those sections of the economy where there is no clear- cut division as to what should be in the private sector and what should be in the public sector.

Attempts have been made to achieve deregulation in such industries as the elective power supply situations in California a few years ago. The experience there did not seem to be such that a healthy competitive market outcome could occur. Other states such as Arkansas had already taken steps to move in the direction of deregulation but backed-off from those steps in view of the California experience. Other situations such as the market for gasoline and our recent experience with prescription drugs seem to be such that healthy competitive market outcomes do not occur. As important as competitive forces are in the American economy, there may be a case for government regulation of pricing in some sectors of the economy.

This analysis will concentrate on health care pricing but really in a broader sense makes a case for price controls in monopolized markets. Ideally the free market economy will be regulated in a natural manner by competition. To the extent that a market is characterized by competition, there is a lack of need for artificial regulation as provided by government.

Congress is continuing the process of making one of the most significant changes in the health care industry and the Medicare program since its inception. Recent change centered on prescription drugs being added as a benefit to our elderly population. More specifically the debate then and now concerns the direction the program is to go; reliance upon the private sector verses traditional government administered programs. More fundamentally the choice is between reliance upon market direction or reliance upon a government administered program. Although legislation has already been enacted to implement a prescription drug plan, there are discussions continuing with regard to the final form the plan will have in the long run and how far to go regulating the health care industry as it serves the needs of the American economy.

There seems to be a number of very significant questions to be answered. The pharmaceutical companies may not provide a classic example of competitive markets which would result in a healthy competitive market outcome. It may in fact be somewhat like the electrical power supply situation where deregulation did not work very well.

It is noteworthy that in the United States pharmaceutical research is funded more than any other country by public funds; yet, Americans pay more for prescription drugs than citizens in almost any other industrialized country. Large tax breaks are provided for research and the National Institute of Health grants considerable amounts of tax money for basic pharmaceutical research.

The purpose of this analysis was to look into details of the prescription drug and the general health care industry and objectively evaluate their meaning. As important as competitive forces are in the American economy, there may be a case to be made for government regulation in this important sector.

A very good case can be made that the health care industry has targeted profit maximization rather than patient's health in its practices. A competitive market would bring about a coincidence of these two objectives. Instead the pattern seems to be more that of a monopoly model where Adam Smith's invisible hand seems to have broken down. A recent survey by Harris found that two in three Americans believe that health care prices are "unreasonably high" and a large percent favor price controls as a solution.

A recent issue of the AARP Bulletin did an interesting exposé of several industry practices which paint a picture of monopolistic behavior. One concerned the industry opposition to the re-importation of drugs from Canada and other countries. This is an outgrowth of price discrimination where different prices are charged in different markets. A monopoly firm earns money from this as long as they can cover any variable cost associated with providing the product. The different prices could result from either price controls in some countries or by deliberately charging higher prices in the more inelastic market location. Another practice reported was the industry use of sales representatives who call on doctors and leave their office "awash in free drug samples" and who identify doctors to be trained and paid honorariums to talk up the products with other doctors. Vioxx was cited as a drug promoted in this manner. The third practice reported was their use of lobbyist. And, whenever a state tries to lower the cost of prescription drugs, the industry sends in rapid response reinforcements to argue their case. These people seem to always be ready to defend the status quo for the health care industry.

A detailed front-page article in the Wall Street Journal recently outlined how one drug company took the once-demonized thalidomide drug to new users in treating aids and cancer but at five times its original price. The drug industry's ability to price medication ever higher has helped fund the pharmaceutical industry's research and development programs. It also contributes to their bottom line.

In 2009, the Associated Press reported that Pfizer Inc., the largest drug manufacturer, agreed to pay $2.3 billion in penalties for violation of federal drug laws. Reportedly they had been doing the following

" Promotion of four prescription drugs, including the pain killer Bextra, as treatments for medical conditions different from those the drugs had been approved for by federal regulators.
" Creation of phony doctor requests for medical information order to send unsolicited information to doctors about unapproved uses and dosages.
" Inviting doctors to consultant meetings at resort locations, paying their expenses and providing such perks as golf; massages and other activities.
" Paying kickbacks to health-care providers to encourage them to prescribe drugs for off-label uses.

Breaking the law was very expensive for the pharmaceutical firm. It is easy to understand why the pharmaceutical industry wants the government to "keep its hands off" health care.

The February, 2010 issue of Bloomberg Business Week reported supporting data that the health-care business is recession-proof. Healthcare companies in the Standard and Poor's 500-stock index did better than the overall market during the stock market decline. Their profit margins mostly rose, and their earnings outlook is good. Profit margins rose by 1 or 2 percentage points each year from 2006 through 2009 in the medical equipment, pharmaceuticals, and biotechnology sectors of the health care industry. On the other hand the more competitive drug retailers and health-care providers (doctors) were the exceptions holding margins steady during those same years.

One could develop these situations in greater detail and further substantiate the point about monopolistic behavior. Also, one could cite numerous other periodicals and industry studies and develop an endless list of case situations where monopoly practice is indicated.

Almost every principles of economics student learn that when regulated prices lower than the equilibrium price is imposed, a shortage of that product is the result. Beginning students also learn that whenever a price is established greater than the equilibrium level, a surplus develops in the market. The tendency is to develop generalization about the effectiveness of government price controls on such areas as minimum wages, electricity, and prescription drug pricing. The outcome really depends upon the degree of competition prevailing in the market being evaluated.

It is not generally recognized that effective price controls necessarily cause surpluses or shortages in markets. The answer depends very much on the degree of competition prevailing in the specific market being affected. There is a significant difference in the impact of price regulation in competitive markets as contrasted with more imperfectly competitive markets. A primary purpose of this document is to bring attention to this somewhat neglected reality.

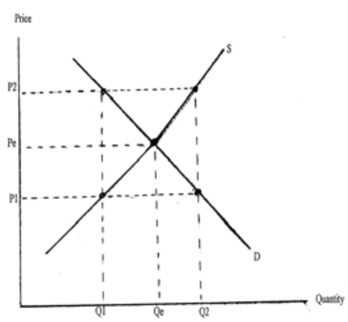
SETTING PRICES IN COMPETITIVE MARKETS

Figure 1 illustrates a standard model of pure competition. Pure competition as defined in standard textbooks would result in Pe and Qe being the equilibrium. Any attempt to achieve a lower price, such as P1, would result in a shortage as measured by the distance Q1-Q2. Price regulation would bring on the need for some way to deal with this shortage. Furthermore, any attempt to establish a higher price, such as P2, would result in a surplus as measured by the distance Q1-Q2. Price regulation would bring on a need to deal with this surplus. As a consequence with large numbers of independently acting buyers and sellers as characterize a competitive market, price setting causes shortages or surpluses. A strong case can obviously be made for leaving the market alone.

SETTING PRICES IN IMPERFECTLY COMPETITIVE MARKETS

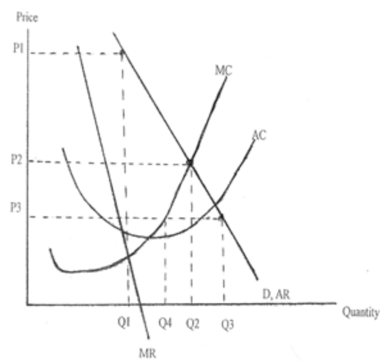
In this circumstance the somewhat well-defined supply and demand functions become less so. In order to explore this type of situation, a model is presented. This model demonstrates the impact of price controls on monopoly or oligopoly firms supplying some good or service.

Figure 1
Perfect Competition



In Figure 2, standard economic analysis would call for the firm to maximize profit at P1 and Q1, and no shortage of the firm's product would exist. If we now impose a price ceiling at P2, there will be a change in the firm's behavior. The firm's MR curve is now horizontal at P2 until Q2 is reached. The marginal or additional revenue in this range is the same as the regulated price. For points beyond Q2, the firm's MR curve is the original and declines as output become higher. In summary, with the imposition of P2 as the ceiling price, the firm's marginal revenue curve is horizontal at P2 until output is at Q2; at this point MR becomes a vertical line and reverts to the original MR beyond Q2.

Figure 2
Imperfect Competition



At the ceiling price, the imperfectly competitive firms supply a larger quantity at a lower price than was the situation prior to regulation. The firm demonstrated here still earns an economic profit, but not as much as before regulation. The consumer gets more product and at a lower price than before. Furthermore, as long as the ceiling price is set no lower than P2, where marginal cost intersects the demand curve, a shortage would not occur.

If the price were set at P3, a shortage would occur. At any price below P2, quantity demanded tends to increase as the price is lowered while quantity supplied decreases. An illustration of this is to look at P3 where quantity demanded is Q3. The firm would supply only Q4 since this is where MR=MC at that output level. The consequence would be a shortage. In summary, as long as price is set at level P2 or above, no shortage of product will tend to result.

Another possibility not illustrated in this paper would be where demand is so weak that the intersection of MC and the demand curve is below the average cost curve. If prices are set below this level, the continued existence of the firm would be in question. A firm must cover all costs in the long run or it ceases to operate.

CONCLUSION

The main point to be gotten from the above simple use of conventional concepts is that government involvement in the regulation of pricing is not necessarily bad. As has been demonstrated, when monopoly elements exist, requiring a reduction of price can result in an increase (not decrease) in the quantity supplied. What essentially happens is that part of the return to the monopolist for restricting output is removed and no shortage occurs.

The drug industry makes a consistent argument that reduced prices and government price controls would decimate profits and destroy their incentive for research. Ending the exploitation would not necessarily end the industry's profits. Research is their long-run life-blood and would likely continue as long as they exist as an industry. What would likely happen in the face of price controls would be a short-run fall in profits to more normal levels, and like competitive markets, life would go on. Shifting from a pattern of oligopoly (monopoly) where firms can dictate prices to a more competitive pattern seems consistent with the view of the market economy developed by Adam Smith. As stated earlier, life would go on, and probably be better from all points of view.

Some advocate, increasing interstate competition among insurance companies as an alternative to a more comprehensive health care bill. Interstate competition faces the hurdle that carriers openly collude with each other and wind up following largely uniform practices. Making it virtually impossible to increase competition is their immunity from antitrust regulation. The really perplexing question concerns who can best make the pricing decision-health care industry bureaucrats or government regulatory bureaucrats. Neither choice is perfection.

An excellent and ideal long-run outcome would be a health-care industry which is socially responsible and earning normal profits. The outcome desired is no more and no less than the outcome predicted for the competitive market. In a world of imperfect competition this outcome seems very unlikely in the absence of government regulation. The issue is really "how much."

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CHANGES IN BUSINESS FACULTY SALARIES: AY 2000-01 TO AY 2009-10

Michael Daniels, Columbus State University

ABSTRACT

This paper analyzes changes in average salaries paid to business faculty as reported in the AACSB's U.S. Salary Survey Report over the period from 2000-2010. Average faculty salaries across disciplines and ranks have increased over the first decade of the 21st century. However, growth rates vary depending on the discipline, rank, accreditation status, and whether the school is a public or private institution. In real terms average faculty salaries for most categories of faculty have increased.

Historically, private non-accredited schools have paid lower salaries on average than other types of schools. However, these schools no longer rank at the bottom of the salary scale.

Highest salaries continue to be paid in the accounting and finance disciplines. This is a reflection of the tightness of the market for such faculty and supports AACSB efforts to develop new faculty through non-traditional educational methods.

USING AUCTIONS TO SOLVE THE ASSIGNMENT PROBLEM: BIDDING FOR COURSES, JOB INTERVIEWS AND PARKING SPACES

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ABSTRACT

The Assignment problem in Economics looks at situations where a particular number of goods or services have to be assigned among a particular (though not necessarily the same) number of consumers. Examples include the assignment of jobs to workers, of rooms to housemates, of time slots to users of a common machine. We take a look of a capacity constrained problem of assignment. In such a situation, an auction mechanism, where consumers have to bid and win the auction according to defined standards to be able to consume the good or service, may be used to solve such a problem. We look at some distinct practical examples where such auctions have been in Universities for a variety of options. They include auctions and other similar mechanisms to allocate courses amongst students. Auctions have also been used to allocate prime parking spots in crowded campuses, and have also been used as one of the instruments to ensure efficient allocation of post graduation job interview slots at business schools. We describe each situation, and also analyze the success of the mechanisms used in the case of course allocation.

USING CINEMA TO ENHANCE THE RELEVANCE OF ECONOMICS TO STUDENTS' LIVES

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ABSTRACT

I propose a student-centred approach to teaching economics which uses cinema to enhance the relevance of the subject to students' lives. This enhancement is achieved through appropriate selection of films and through class discussion which directly relates to the lives of students. As an example, I use a clip from the cinema version of Arthur Miller's Death of a Salesman, in which two young men debate their choice of profession. I also indicate how relevant academic material can be used in a labour economics course to add to the effectiveness of the discussion. In a class with students from a variety of backgrounds, a variety of films from different cultures can be shown, so as to be inclusive of as many students as possible. I pilot the approach on four existing courses at my university. The students taking these courses vary with respect to the size of the economics component of their degree and in terms of their year of study. The results from the student surveys show that the students strongly wish to see the proposed module introduced. This project is funded by the Economics Network of the UK's Higher Education Academy.

Keywords: economic education, teaching, cinema (JEL: A22)

MEASURING THE RETURN TO MILITARY SERVICE

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ABSTRACT

Using the Current Population Survey data, the return to voluntary military service in the form of higher earnings is estimated using regression analysis. Individuals with just a high school diploma will earn, on average, about 10% more if they serve in the military. Although there is a positive effect on earnings, the effect is not as large as that attained through additional education.

HOW FINANCIALLY LITERATE ARE HIGH SCHOOL AND COLLEGE STUDENTS? THE CASES OF THE UNITED STATES, BELARUS, AND JAPAN

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Nadzeya Kardash, University of Kansas
Alexander Kovzik, University of Wisconsin

ABSTRACT

The levels of financial literacy among students of the three countries, specifically, the U.S., Belarus, and Japan were analyzed to identify similarities and differences in the student performance on a standardized test. The authors generally find that, on the average, Belarusian university students performed better than high school students and Belarusian high school students demonstrated a similar level of achievement with American high school students who did not receive personal finance instruction. Japanese students outperformed both Belarusian and American students with and without personal finance training. There was consistently higher performance on the topic of Earning Income and lower performance on the topic Savings across the three nations.

INTRODUCTION

The importance of financial literacy is increasing in times of financial disturbance and uncertainty. Evidently, lack of knowledge and practical skills in budgeting, investment, credit, and spending lead to making wrong financial decisions by many consumers and investors and aggravated the current economic and financial crises all over the world. Research proves that effective management of finances requires specific and targeted training which is especially significant for the countries with transitioning economies (Jump$tart Coalition for Personal Finance, 2008; Mandell, 2004; National Council on Economic Education, 2005). Conducting research on the status of financial education and the level of personal finance knowledge and skills in Belarus as compared to other countries helps raise awareness of the importance to educate the public on the vital financial issues.

The purpose of this study was to collect baseline information on financial literacy of the high and college students in Belarus, a country with transitional economy and an underdeveloped financial sector, using existing test instruments and methods and, then, compare those results with results of the U.S. and Japanese students.

The goals and objectives of this research study are as follows:

- To examine the level of personal finance literacy among high school and university students in Belarus using a standardized test.
- To analyze student performance by specific personal finance themes and by cognitive levels.

- To identify personal finance themes and concepts on which students demonstrated better (above 67%) or worse (below 33%) achievement.
- To conduct international (Belarus / U.S. / Japan) comparative analysis.

DATA AND METHODOLOGY

The data used in this analysis was obtained from several sources. The results published in Financial Fitness For Life - High School Test Examiner's Manual (2005) were used for the U.S. sample. For the Japanese sample, we used the results reported at the National Council on Economic Education (NCEE) Annual conference in 2005. We collected data in Belarus from two state universities and thirteen secondary public school using cluster sampling method with 790 total subjects, including 219 university and 571 high school students.

The U.S. data compares the results of testing high school students who took a personal finance course and a control group of the students who didn't have any special training and serves as a point of reference for the comparative analysis among the countries. This design is consistent with the existing research conducted in Japan using the same test instrument for the high school and university students.

The translated version of Financial Fitness for Life High School Test (Walstad & Rebeck, 2005) was used as a test instrument. It consists of 50 questions categorized into five content themes: The Economic Way of Thinking, Earning Income, Saving, Spending and Using Credit, Money Management. The test items are also classified by cognitive levels as knowledge, comprehension, and application questions.

Methods used for the analysis included descriptive statistics, comparative, and correlation analyses, and hypothesis testing.

RESULTS

Table 1 shows total mean test scores and mean scores for each theme for all student groups from the three countries.

Table 1 : Mean Scores (%) Total and by Theme

	Themes	Belarus		USA		Japan	
		HS	University	HS w/o PF	HS w/PF	HS	University
1.	Economic Way of Thinking	51.0	56.3	53.3	63.8	57.7	58.2
2.	Earning Income	55.6	63.1	52.2	64.2	73.3	74.4
3.	Saving	37.4	41.7	35.4	44.2	46.3	41.5
4.	Spending and Using Credit	42.4	49.6	37.9	53.2	55.9	56.9
5.	Money Management	40.8	49.0	44.7	53.0	53.5	54.7
	Total Mean Score (%)	45.5	51.9	44.7	55.7	57.3	57.2

As seen from Table 1, university students in Belarus showed a higher degree of personal financial literacy than high school students while both Japanese university and high school students performed almost identically. The results of Belarusian and U.S. high school students without personal finance training are similar and Japanese high school students did significantly better than both Belarusian and U.S. groups.

The U.S. students who had personal finance training did better than those who didn't have any special personal finance instruction and also performed better than Belarusian university students and slightly worse than the Japanese university students.

Response analysis by themes demonstrates that the "Saving" theme appeared to be the most difficult part of the test for all students across the three countries with the average percent of correct answers being less than 50%. The best results were demonstrated on the theme "Earning Income" also being consistent for all three countries.

In Table 2 the numbers of items with lower and higher percentage of correct answers among the three countries are summarized.

Table 2 : Number of Questions with Lower and Higher Percentage of Correct Answers

Percent Correct by Question	Belarus		USA		Japan	
	HS	University	HS w/o PF	HS w/PF	HS	University
Below 33%	11	12	14	3	10	8
Below 50%	30	21	32	18	20	20
Above 67%	6	15	6	13	20	19

Belarusian high school students demonstrated results similar to the U.S. students without personal finance instruction while Japanese high school students outperformed both American and Belarusian groups. The test results of Belarusian university students were somewhat similar to the results of Japanese university students. The sample of American students with personal finance training had the lowest number of scores below 33% and 50%. Both high school and university students in Belarus had several average scores below 33%. Japanese university and high school students answered approximately the same number of questions above 67% which is substantially higher than in the other two countries.

Analysis of student performance on specific questions allowed identifying similarities and differences in concept understanding for the three countries. Thus, all students across the three analyzed countries consistently performed poorly (below 33% of correct answers on the average) on questions related to the definition of the opportunity cost, rule of 72, liquidity risk, functions of credit bureaus, and unauthorized use of credit cards. And the questions related to the opportunity costs and forgone income, entrepreneurship, net pay and tax deductions, investment criteria, advantages of using credit, and pyramid schemes appeared to be commonly well understood by the students (above 67% of correct responses).

At the same time there were questions that students from different countries tended to perform differently on the average. For example, students from Belarus performed below 33% on the average on questions about job interviews, common stocks for shareholders, risk of loan default, and the difference between debit and credit cards while their U.S. and Japanese counterparts were generally more comfortable with these questions. At the same time, Belarusian students, unlike both U.S. and Japanese students, performed above 67% on the average on the questions about human capital, job market competition, loan transactions, cost of loan, and disposable income.

Results by cognitive levels demonstrate that the mean percentages of correct responses of Belarusian students are very similar at the knowledge and application levels, which is somewhat comparable to the U.S. results but rather different from the results of Japanese students. Both Belarusian and Japanese university students showed the best performance at the knowledge level. Their scores are even higher than those demonstrated by the U.S. students with personal finance instruction. On the other hand, American students performed better at the application level. Belarusian high school students showed the following results: Application > Knowledge ? Comprehension demonstrating substantially lower scores on the test items classified as knowledge level compared to the university students but higher than the U.S. counterparts.

CONCLUSIONS

The findings of the study show that,

- On average, Belarusian university students performed better than high school students.
- Belarusian high school students demonstrated a similar level of achievement to American high school students without personal finance instruction.
- Japanese students outperformed both Belarusian and American students with and without personal finance training.
- Belarusian as well as Japanese students scored higher on "knowledge" questions in contrast to American students who demonstrated better achievement on "application" questions.
- Students across the three nations demonstrated the highest achievement on topic 2 (Earning Income) and the lowest achievement on topic 3 (Saving).
- There was strong correlation of correct responses within countries and a relatively low correlation across countries.

These results suggest that country differences play a considerable role in the response pattern and, furthermore, the distribution data give some insights about the misconceptions students have on various personal finance topics.

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SOURCES OF HUMAN CAPITAL ACCUMULATION FOR AFRICAN-AMERICANS DURING THE 20TH CENTURY

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INTRODUCTION

Economic power comes through possession of wealth and high incomes. If a person owns large amounts of property and capital, the yield of the capital can provide enormous incomes to the owner. The ownership may be direct as when one owns a factory or real estate that pays high rents or may be indirect through ownership of financial resources such as stocks. In this instance, we are talking about physical capital. However another form of capital is Human Capital which can also generate huge incomes. Consider Oprah Winfrey, one of the richest people in the world. The special talents and finely honed broadcasting skills are the source of Oprah's enormous income and wealth. The way she jump started Barack Obama's campaign for President is a perfect illustration of how wealth and income confer power.

On a lower or more prosaic level, we an adequate and decent income is empowering in conferring a certain amount of independence and security on an individual, even if the wealth is not sufficient to win friends and influence people.

Human capital can be defined as "the knowledge and skills that make a person productive" or alternatively as the "personal stock of knowledge, know-how, and skills that enables a person to be productive and this earn income" (McConnell, Brue, and Flynn, p. 509, 283).

The economist who fully developed the concept of human capital, Gary Becker, made the following observations, "Some activities primarily affect future well-being; the main impact of others is in the present. Some affect money income and others psychic income, that is, consumption. Sailing primarily affects consumption, on-the-job training primarily affects money income, and a college education could affect both. The effects may operate either through physical resources or through human resources… The many forms of such investments include schooling, on-the-job training, medical care, migration, and searching for information about prices and income", (*Human Capital*, p. 1).

Just as increases in the amount of physical capital that labor has to work with increases labor productivity and thus wages, human capital investment increases productivity and thus earnings of the person acquiring the capital. Indeed some individuals have such huge amounts of human capital embodied within them that they are able to command huge incomes as a return on their human capital.

Forms of human capital investment

1. Schooling
    - Knowledge, especially basic literacy, leads to greater productivity and earnings
2. On-the-job training
    - As important as education in explaining earnings
    - Education (schooling) and training together are greater than the sum of their parts
3. Medical care
    - Good health makes a person more productive
2. Migration
    - Migration from areas of surplus labor to areas of labor shortages leads to higher productivity and higher earnings.
4. Searching for information about prices and income
    - Through searching you find the job where your productivity is greatest thereby earning higher wages than you would have if you had not searched
    - Searching around for the lowest price stretches your money
7. Learning good work habits
    - Good work habits such as punctuality and good attendance make for greater productivity

All of the above types of investments have led to improvements in the human capital endowment of African-American workers over the years.

SCHOOLING

At the beginning of the 20th century, 44/5% of the black population was illiterate. The state of Louisiana had the highest illiteracy rate (61.1%) of all the states. A hundred years later, eighty percent of the Blacks were high school or college graduates

	Population at least 10 years of age: 1900					
			Number Illiterate		**Percent Illiterate**	
	Negro	White	Negro	White	Negro	White
Continental United States	6,415,581	51,250,918	2,853,194	3,200,746	44.5	6.2
Cities having at least 25,000 inhabitants	945,710	14,677,484	230,698	651,147	24.4	4.4
Country Districts	5,469,871	36,578,434	2,622,496	2,549,599	47.9	7.0

Source: U. S. Bureau of the Census, 1900

Educational Attainment by Race: 1960 to 2007 Persons 25 Years and over Percent Distribution				
Year	**High school graduate or more**		**4 or more years of college**	
	Black	*White*	*Black*	*White*
1960	20.1	43.2	3.1	8.1
1970	31.4	54.5	4.4	11.3
1980	51.2	68.8	8.4	17.1
1990	66.2	79.1	11.3	22.0
2000	78.2	84.9	16.5	26.1
2005	81.1	85.7	17.6	28.0
2007	82.3	86.2	18.5	29.1

Source: Statistical Abstract of the United States, 2009

MIGRATION

At the beginning of the 19th Century, 85.4% of the black population lived in rural areas or country districts (the country). A hundred years later (2000), 88% of the African-American population lived in Metropolitan Areas. In 1900, 89.6% of the African-American population lived in the South. By the year 2000, only 54.8% of the African-American population lived in the South.

Farm to City Migration

The migration from the farm to the city was a human capital investment because wages were higher in the city than in the country. During this period, the white population also shifted from the farm to the city. A surplus of farm labor was constantly being created by the huge increases in productivity in agriculture. Farmers were able to produce more and more food with fewer and fewer workers.

Migration from South to Northeast, Midwest, and West

This was a migration from a low wage area to higher wage area.

OCCUPATION IMPROVEMENT

In 1900, the most important occupation for African-Americans was farming. Below is the occupational distribution for African-Americans in 1900.

Agricultural Pursuits	58.21%
Professional Service	1.18%
Domestic & Personal Service	23.94%
Trade & Transportation	7.68%
Manufacturing & Mechanical Pursuits	9.02

Thus we see that 82.15% of the African-American population was working in Agricultural Pursuits and Domestic & Personal Service, low wage occupations.

Though the occupational classifications have changed, we see that by 2000 occupationally the African-American population has diversified and shifted into more of the higher wage occupations. This change is displayed below.

Managerial & Professional Specialty	21.7%
Technical Sales & Administrative Support	29.0%
Service Occupations	22.6%
Precision, Production, Craft, & Repair	7.8%
Operators, Fabricators, & Laborers	18.1%
Farming, Forestry, and Fishing	0.8

INCOME-SAVING-WEALTH CONNECTION

How economically empowered we become depends not only on the extent of our human and physical capital endowment, but also on how we use the income we earned. The life of Matel Dawson, Jr. perfectly illustrates this point. With saving, he became economically empowered, even though he never had more than a modest income.

CONVERSATIONS WITH ECONOMIC DEVELOPMENT LEADERS IN SOUTHEAST TEXAS

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ABSTACT

This study describes the results of conversations with economic development leaders in Southeast Texas. The authors met with a number of leaders individually and, using a prepared questionnaire, gathered information concerning several cities located in Southeast Texas. Questions focused on the current state of the economy as well as the future outlook.

The leaders indicated what their city currently relies on most for its economy such as retail, manufacturing, health care, etc. In addition, each participant also discussed plans to increase the city's economic base. Using a Likert scale, each leader indicated the importance of a number of factors to the development of the economic base of their city. These factors included education, health care, housing, crime, drugs, and a variety of other factors. The results of these conversations are analyzed to determine the differences and similarities to economic development for the cities.