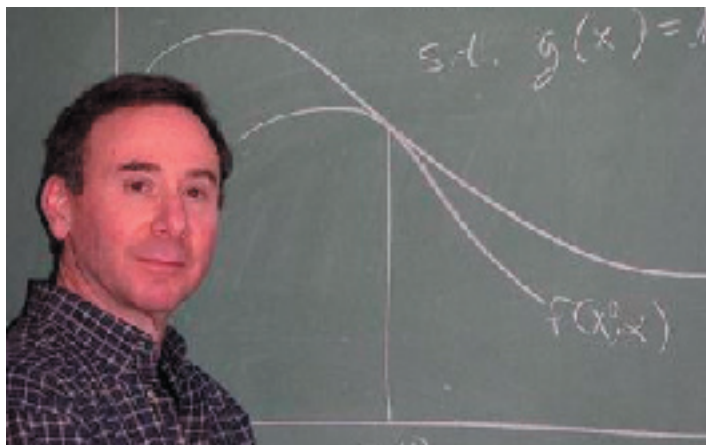




THE ECONOMIZER

The Legend of Silberberg



by Kofi Acquah

How do you introduce a person who has devoted 41 years of their life teaching a subject at the University of Washington? That's right, it is hard to imagine the words that will do justice to such devotion, but indeed a word that comes close is "legend". The legend of Professor Eugene Silberberg starts in 1963 where he introduced microeconomics to his first class which had about 6 or 7 students. Alas in 2008, Silberberg has decided to retire with memories of his times in class encased within an uncountable number of students. Below is a record of a conversation/interview with Silberberg during his last quarter (Spring Quarter 2008):

Q: After about 41 years of being at the University of Washington what would you say has been your most memorable experience?

A: *Developing the material in comparative statics and placing these developments in my book, Structure of Economics.*

Q: Do your plans after retirement involve anything with economics?

A: *I can't help thinking about economics. But for sure it will not be a professional job. For now my plans just involve playing music, spending time with my family and some travel.*

Q: Most likely place to bump into you after retirement.

A: *Hanging around town; playing fiddle in farmer's markets –Kinston, Bainbridge; Folklife etc*

Q: Have you ever seen your video on YouTube where you play the fiddle?

A: *Yes I did see it. One of our Ph.D.s, Yoram Bauman took it.*

Q: What would you say has been the biggest change at the UW since 1967 when you started teaching?

A: *The number of women taking economics has drastically increased since I have been here.*

Q: Music is another passion of yours. Should we expect another book on Fiddles or economics anytime soon?

A: *No, my book of fiddle tunes, the micro principles book and Structure of Economics are it.*

Q: If you did not become a professor what would have been your most likely alternative career now that you look back.

A: *I always wanted to be a teacher. I never thought of anything else.*

Q: During your years teaching what would you say has been the biggest challenge for you?

A: *To continuously keep a class interesting and to reach all students—especially those who do not want to be there.*

Q: What advice would you give to students taking economics both at the undergraduate and the graduate level?

A: *Undergraduates : Challenge your mind in a variety of courses; Graduate students: Work hard and be interested in what you do; Both: Take your studies seriously but don't take yourself too seriously.*

Q: What is the probability that you will pull a Michael Jordan (Retire and come back)?

A: *Zero.*

And with these words the legend makes a graceful exit.

Professor Silberberg was recently given the honorary title of Professor Emeritus

Could a Gasoline Boycott Drive Down Prices?

by Gurband Mann

Every year around this time, many Americans begin to receive e-mails, letters, and are invited to boycott gasoline on a certain day in order to drive down gasoline prices. They all come with promises of lowering gasoline prices by 30 cents overnight and taking nearly three billion out of the pockets of major oil companies. And every year, many Americans are fooled into believing that if they delay their consumption of oil, they will be helping reduce the price of gasoline and costing the major oil companies billions of dollars.

The problem with this belief is that it is simply not true. There are two fundamental reasons why a gasoline boycott for one day would not work. One, there is no record of gasoline prices being lowered by 30 cents overnight anywhere. Second, if everyone boycotted pumping gas for one day, they would most likely fill up their car the day before or the day after the boycott, therefore they just shift their consumption from one day to another

An alternative solution which has been rendered up recently is boycotting just Exxon/Mobil, the market share leader of the oil industry. Supporters of the proposal believe that by purchasing gasoline elsewhere, the major oil company would be forced to lower their prices. Once Exxon/Mobil lowers their prices, other oil companies would follow suit. Intuitively, this appears to be an excellent idea, since companies are constantly trying to compete for business. If we were to dig deeper and look at the economics behind this scheme, we would see that once again, this will do anything but lower our prices.

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EUB 2008 Survey Key Findings

by Candice Ro

Growth of the department

- The number of undergraduate Economics Majors has doubled in the past 10 years
- The ratio of Bachelor of Arts to Bachelor of Science degrees is approximately 2:1

Faculty Shortage

- 55.88% of undergraduate students have been able to register for one or more 400-level Economics course
- The number of faculty today is the same as it was in 1995, however the number of undergraduates has increased from 293 students to 884 students. Despite the faculty shortage, students remain satisfied with the accessibility of faculty

Economics Majors

- 39.20% of Economics majors are pursuing a double degree and 35.46% are pursuing a minor. The female to male ratio of Economics undergraduates is 33.2% to 66.8%
- The top three reasons why students chose to major in Economics are as an alternative to the Business School, career opportunities, and because of a

class taken at the University of Washington

Student Interests

- Student interests within the field of Economics is highest in monetary economics and international economics
- Students are most interested in learning about internship opportunities from the Economics Department

Conclusions & Comments from Students

- Students would like to see smaller class sizes
- Students have indicated that they would like to see the number of faculty increased
- There is an interest in having more class selections, as well as offerings per quarter
- Students would like to have more alternative resources for help with classes
- There is a desire in having more advising opportunities
- Undergraduates would like more Information on research and jobs opportunities

For more information, a powerpoint of our survey results can be found on the EUB website.

Congratulations and Best Wishes to the Economics Graduates of 2008!!!

Small Towns Need to Attract Human Capital to Survive

by Russ Wung

Here in the Seattle metro area, we almost take growth in all its forms for granted. Perhaps forgetting that urbanization and industrialization have made the information economy possible, we may even view it as a negative influence.

What we see as a regional economic slump is often just slower growth or slight, temporary declines in RGDP instead of actual contraction in populations. However, for many rural counties in Washington and elsewhere, negative growth has been the default state of affairs for decades. Regional economist (and UW adjunct professor) Dick Conway has documented a number of cases where the closure of a single industrial plant employing a few hundred workers devastated the economies of these low-density counties.

Washington's overall population growth rate remained high despite these losses. Census data published in the Wall Street Journal in late December of 2007 show that many Midwestern and Great Plains

states also made gains in population last year.

However, this state increase often masks internal shifts from rural areas to local population centers. Iowa's Pottawattamie County has nearly doubled from a population of 45,336 in 1900 to an estimated population of 90,218 in 2006. Neighboring Shelby and Cass Counties, however, saw their last period of growth in the 1920s and have been losing population ever since. Census demographics of these two counties show a disproportionately low number of 20-34 year olds, supporting the common belief that most teenagers in rural areas leave for college, cities, or the military upon graduating from high school.

This story repeats itself across the country and even across the world as small towns lose population, eventually falling below the "critical mass" necessary to support retail businesses, schools, and post offices.

With advances in agricultural science and technology constantly decreasing the need for farm labor,

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Crady Von Pawlak/Getty Images

Could a Gasoline Boycott Drive Down Prices?

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Let's assume that all consumers in the US cease to purchase gasoline from Exxon/Mobil, and start going to their competitors, this would drive up the demand for gasoline with other companies. This increase in demand would then raise the price of gasoline for other companies. At this point, most consumers would return to Exxon/Mobil and bring demand and prices back to their original level. Even if consumers held out and continued to boycott Exxon/Mobil, their competitors would have to meet this increase in demand somehow. Since, most refineries are already running at nearly full capacity, they would be forced to get this gas from another company at which point they would turn to Exxon/Mobil. In the long run, even if consumers possessed the will resilience to forgo gasoline from a certain company for an extended period of time, we would see that the prices of gasoline will always return to its original level. In the end, the major oil companies are no worse off and the only loser in this case are the small gas station owners. This is because most of these gas stations make a majority of their profit from convenience goods sold inside the store and only earn a few cents from every gallon of gasoline sold. Without gasoline to draw customers, most of these businesses could potentially be put out of business.

The high prices we pay at the pump are not an issue of pricing by the oil companies but rather they are a matter of supply and demand. Since oil is a nonrenewable good it is difficult to increase the supply, therefore the only ways by which consumers can drive down the price of gasoline are still the same, by either driving less, using public transportation, or by purchasing more fuel efficient vehicles.

Small Towns Need to Attract Human Capital to Survive

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rural areas have attempted to attract development by promoting their low real-estate costs for back offices, R&D centers and other facilities where location is less of a liability for a rural location. Unfortunately, attracting high-powered outside investment can be difficult.

Companies have difficulty enticing highly skilled employees to relocate to remote areas that lack the proper employee pool. In an economy where people change jobs more frequently than ever, many professionals may choose quitting their current jobs over uprooting their homes, knowing that demand for their skills remains very high everywhere.

However, well-educated people who prefer not to live in cities for various reasons may prove key to economic growth for small towns. A US Department of Agriculture analysis shows that non-metropolitan counties with high numbers of "creative class" residents (defined as business owners, managers, scientists, engineers, designers, and artists) are far more likely to grow than those without these elites.

So in the end, rural growth might be about attracting people as much as it is about attracting outside businesses. In the old economy, this would posit a "chicken and the egg" problem. However, the

growing reach of information networks and telecommuting creates opportunities for low-density counties to attract professionals, small business owners and artists with low taxes, inexpensive land and unquantifiable benefits such as attractive landscapes without forcing them to make as many compromises as before. Development policy in these areas should place a high priority on promoting independent, individual immigration as well as corporate investment.

Visit the EUB on the Web:

<http://depts.washington.edu/ecnboard>

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Questions, Comments, Concerns?

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