



Economics vs. Business: It's Go Time!

by Christian Sumulong

“Not accepted into the Business School” – an all too common phrase economics students are familiar with. Such a phrase appears every year on the annual economics survey conducted by the EUB in the section asking why students chose the major. It is certainly no secret that economics is perceived as the fallback major for students who were denied acceptance to the UW Business School. This has inevitably led to the perception, albeit an unjustifiable one, that economics is a less worthy area of study than business. To help provide better insight into this issue, I recently interviewed UW alumnus Tim Jenkins, who majored in economics, and later received his M.B.A in finance from the University of Chicago. Jenkins is the co-founder of Point B Solutions Group LLP, a \$35 million a year consulting and project leadership firm that was formed in 1995, and whose clients include Starbucks and Microsoft. Jenkins’ history also included stints at Accenture and Children’s Hospital, where he served as its IT Director.

When asked about his impression of business schools in general, Tim had this to say: “Business schools tend to be trend-chasers... The research tends to follow whatever the latest trends are.” When considering this statement, it makes sense – during the tech boom, IT majors were in demand, and when “Kenny Boy” Lay, Bernard Ebbers and other CEOs decided to lie to investors, corporate ethics became the rave. In contrast, Jenkins states that economics “teaches you how to think. It enables you to take a theory and see how it applies to the world, and allows you to poke holes in those theories. It is a discipline that allows you to see how the world, and life, works.” Additionally, economic theory and research, while not completely infallible, is generally not faddish in nature.

Another interesting point discussed during our interview was the breadth of the economics degree. For Tim, he mentions how he considered pursuing law school after graduation, but eventually chose the M.B.A path. Possessing an economics degree, in his opinion, enables students to explore a wider array of options after graduation.

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Student in the Spotlight

By Alison Johnston



As a part of its new series “Student in the Spotlight”, the Economist is interviewing a student in the Economics Department for its quarterly issue. With over 800 students, the Economics Department has a student body with a wide range of talents and interests. This quarter, The Economist interviewed Christina J. Frimpong, a senior forward on the University of Washington’s women’s soccer team. Along with studying economics, Frimpong was selected to train and compete with the US Under-21 Women’s National Team.

When you first came to the University of Washington, did you know that you wanted to be an economics major?

“Coming into college I was really open to what I was going to major in. I took a wide variety of classes my freshmen year. Spring quarter I took Econ 200 and loved it. I took a few more classes my sophomore year and really enjoyed them, so Econ just sort of stuck with me.”

What area of economics most fascinates you?

“I plan on concentrating on environmental economics. I took cost benefit analysis last summer and absolutely loved it. This made me want to explore more into environmental economics. I also am enjoying Econ 421 which covers

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money, credit and banking and I want to take more classes on this topic because I like the content and feel it will help me in the real world.”

Do you plan to combine your interest in soccer and economics for a future career?

“It’s sad in my sport at the moment there is not a professional level so the next best thing is playing on the national team. I tried out for the Under-21 Women’s National soccer team a week ago and we will see where that will take me. Soccer has played a huge role in my success here at Washington. I believe soccer has made me a better student because it forced me to have good time management and as a team we set target goals for our grades and setting these goals really helped me to push myself as a student. Right now I am exploring where I can use economics in my future career. If I could mix both soccer and economics for my future career that would be ideal. Working for any athletic organization and using my econ background would be an ultimate package and is something I am looking into.”

What aspect/professor/class of the Economics Department did you enjoy most?

“I really enjoy the whole atmosphere of the department. In the classroom you can tell (at least from the teachers I have had) teachers really love what they are teaching. Teachers in the department really want you to succeed and it shows. My favorite professors so far are Michelle Turnovsky and Michael G. Hadjimichalakis. They really went the extra mile with me to make sure I was learning. Playing for the soccer team pulled me out of the classroom at times and these teachers were so understanding and supportive and really helped me enjoy their class even though I may have been gone.”

What was your most memorable experience in the Department?

“I got my first 4.0 in an econ class which was such a great moment for me because it took me until my senior year to finally get a 4.0. I think that this department has been overwhelmingly helpful, with the EUB and the advisors who are so nice and helpful. I have had a great experience with the economic department.”

Turkey and EU Integration

By Sean Evers



In 2004 the European Union made the largest expansion since its founding. Ten post-communist states entered the EU as full members and two more are expected to accede in two years. Where will they go next? With the possible exception of Croatia, the next member of the European Union could very well be The Republic of Turkey. Turkey is a predominantly Muslim state that has an illustrious history with the ‘Western World’. It is one of the founding members of NATO as well as a member of the Council of Europe. Turkey has been an associate member since 1964 and a full member applicant since 1987. Why has it taken so long for Turkey to accede?

Despite the initial opposition of EU members to Turkey’s early application for membership, both sought to improve their relationship. A customs union was successfully implemented in 1995 and trade relations were largely improved, however the perception of the customs union was very different. The EU saw the union as more of a containment policy, and the end of the Turkish push for membership. Turkey believed that the customs union would be a large, if not the final, step towards integration. They were gravely mistaken as accession agreements were made with twelve Central and East European states, leaving Turkey on the sidelines once again. Over the past several years, however, Turkey has made significant reforms with the strong leadership of PM Recep Tayyip Erdogan. From 1999 to 2003 the Turkish GDP Growth Rate increased by 10.5%, and reached 9.8% in 2004. Turkey’s institutional capacity has fulfilled almost all requirements set out by the Maastricht Criteria. On December 17, 2004 the European Union decided to open full membership negotiations with Turkey in the fall of 2005.

From an economic standpoint Turkish membership has varying implications. The GDP per capita of the EU-25 is more than three times that of Turkey. If Turkey becomes a full member of the EU, it will have access to a unified marketplace, and thus free movement of labor. This would lead to a large influx of labor that Europe will have to cope with. Some estimates say that around 4% of the Turkish Population will migrate to Europe, the bulk of those migrants going to Germany (76%). This large shift in labor will decrease the overall wage rate in Europe and raise the wage rate in Turkey. This negative outlook has led many EU states to push for a ‘special membership’ that would restrict the free movement of labor and EU subsidies going to Turkey. Even though some predictions say that the wage rate in the EU would decrease by less than 1%. The population shift would also decrease the GDP in Turkey, and increase in the EU. The largest proponents of the restricted membership are those who stand to lose a portion of their subsidies to Turkey.

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Turkey does stand to benefit economically from full EU membership. The question is whether or not this is their intention. Graduate student and Turkish native Mesut Saygili believes, “the Turkish people do not support membership for the subsidies, but to help stabilize our nation and then to help stabilize our neighbors.” The Customs Union has already assisted in the economic development of Turkey, and though full membership would improve their economy even further, there are much larger implications to Turkish membership. Although the European Union is growing as an economic power, it has historically been a source of political and economic strength on the European Continent. The membership of a largely Muslim nation into a union of Western nations might be the first step towards stability between East and West. It is by no means a solution, but a progressive step towards resolution rather than the ongoing policy of containment.

WashPIRG’s Clean Car Quest

By Daniel Stoops

If you have been on campus at all this quarter, you have probably noticed WashPIRG’s very active campaign to pass a clean cars bill in Washington State. I have been approached about signing a petition in support of WashPIRG several times this quarter, heard a presentation about the clean cars bill in one of my classes, and seen clean cars displayed on the HUB lawn. When I first heard about the campaign, I thought back to my Environmental Economics class. We discussed how a similar standard in California could backfire, leading to increased pollution overall. Could Washington’s clean cars bill have a similar effect?

Information that a WashPIRG representative happily gave me estimates that Washington consumers would save over \$2 billion by 2020 if the new standard clean car standards are passed. Increased fuel efficiency translates directly to savings at the pump. A reduction in toxic emissions from tailpipes leads to reduced healthcare costs for diseases like asthma and certain cancers. The standards would also promote growth in the electronics and aerospace industries, which supply emission control technologies. Decreased environmental damage is another source of benefits.

WashPIRG estimates that by 2012 a new clean car will cost \$324 more than a car without clean technology. However, if gas costs \$1.74 a gallon, which appears to be a conservative estimate these days, the buyer will save \$2240 on fuel over the life of the car. This leaves the buyer with a net savings of \$1916. WashPIRG states that with most financing options, consumers would see a monthly savings.

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Also, because the UW Economics Department is part of the College of Arts and Sciences, students have a greater opportunity to explore other areas of interest to them, whether it is political science or math, thereby broadening their education.

Conversely, Jenkins believes business schools do not offer the same degree of flexibility. From his perspective, although a business degree provides a solid foundation of knowledge and skills for students, it can also lead to being typecast as being a specialist in one area, such as finance or accounting. Maybe that explains why prominent universities such as Stanford, Harvard and the University of Chicago do not offer undergraduate business degrees. Instead of business, these schools offer economics degrees. Why then, does the UW Business School possess the reputation that it does? Tim points to the fact that because it stands as its own school, has its own buildings and is well-known in the country, it is more highly regarded by some than the economics department.

At the conclusion of our interview, Tim offered two bits of advice to economics students: 1) “Think about the long haul. Think beyond your first job. Think about what you are good at.” 2) “Not all glamorous first jobs will be the most beneficial for your career over the long term.” Worthy advice from an economics alumnus who co-founded a firm that has business relationships with two of the largest Fortune 500 companies.

The Economizer is a quarterly Newsletter published in the Department of Economics at the UW. It’s purpose is to publicize the activities of the EUB to all Economic undergraduates.

CO-EDITOR: *Christian Sumulong*

CO-EDITOR: *Nathan Patterson*

WRITERS: *Sean Evers*

Alison Johnston

Daniel Stoops

Questions, Comments, Concerns?

EMAIL: eub@u.washington.edu

Both the major costs and savings are derived from the global warming component of the updated standard. Effective in 2009, it would require a 30% reduction in greenhouse gas emissions from new cars by 2016. According to WashPIRG, auto manufacturers are fighting this part of the standard because they would shoulder the bulk of the costs. Even if the global warming update is not passed, the clean cars standard would still reduce toxic emissions, and provide consumers with more hybrid choices. Washington would have priority to get hybrid and clean vehicles that are in high demand if the clean cars bill is passed.

In a recent Seattle Times article, Eron Shosteck of the Alliance of Automobile Manufacturers spoke out against the new standard. He noted that the above estimates of costs and savings associated with clean cars were not made by auto engineers, and warned that consumers might have to pay thousands more for a new vehicle. Shosteck also invoked the argument that was discussed in my Environmental Economics class: If new clean cars are more expensive, people will keep their older, more polluting cars longer, and total emissions might actually rise. The Alliance of Automobile Manufacturers recently sued California over similar standards.

The magnitude of the price increase for a clean car with new emissions control technologies may determine the environmental outcome of the bill. If you side with WashPIRG and expect consumers to realize not only a net savings, but also a monthly savings on their car payments, then supporting the clean cars bill might help reduce pollution. If you are not confident that consumers will realize these savings, then the possibility that the bill will backfire must be considered. Either way, I have been impressed by the energy and dedication of the students that make up UW's chapter of WashPIRG. I believe I will be sending my clean cars postcard to Olympia.

More information: www.cleancarswashington.org and www.autoalliance.org

The photo on the front page is used courtesy of the University of Washington Athletics web site, located at gohuskies.collegesports.com.

Meet the Advisers!

How did you come to the UW?

Heather: I'm from the area, I went to Curtis HS in Tacoma. Many people in my family went to UW, my mom, my brother's here now, my dad went. We're a UW family. I got a business degree and my MPA from the UW and then I started working here.

Ahna: I grew up in the LA area, just north of LA. I came to the UW for my undergrad and majored in economics. I started working here in the Department soon after graduating, got married, then I got my Masters in Higher Ed Administration.

What's your favorite thing about the department?

Heather: It's definitely the students. We have the best students on campus. We have people who are academically driven, who are interested in the world outside the UW. I like helping them achieve, helping them succeed is the best part of my job.

Ahna: I agree, the students are definitely the best part. It's fun talking to students about their backgrounds, experiences, and future plans. Also, when I started looking for jobs, I wanted something that wasn't the same every day. Every day here is a new day; we always get different questions asked, different tasks to do, different meetings. For the most part, no day is the same as the one before it.

Do you have a favorite area of economics?

Heather: I took a course from a professor in the Evans school, and I really enjoyed public administration, how taxes affect people, along that line.

Ahna: I was the opposite! I loved macro, particularly courses in development, and in my grad program, I really enjoyed the economics of education. I took a graduate level finance of education course that was really interesting.

Do you have a favorite restaurant in Seattle?

Heather and Ahna: Agua Verde!

Ahna: If I want a steak and a nicer restaurant, El Guacho. My all-time favorite place to go is In-N-Out Burger, but unfortunately, there are none in Washington.

Do you have any advice for students?

Heather: There are tons of opportunities on campus for students, and it's easy to feel lost. Talk to professors, to your friends, and learn about the opportunities that are available.

Ahna: Don't wait until the last minute to start your job search, and don't be afraid to ask questions. Use the CCS as soon as possible. Try to make yourself as well-rounded as possible.