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Initiative 1631

ABHISHEK JOSHI

Besides being election day for state representatives, November 6th was also the day voters across the country decided to approve or reject state ballot measures. One measure listed on this year's ballot, with an estimated $50 million spent on campaigns for and against it, was Washington's Initiative 1631.

Initiative 1631 required major polluters in the state to pay a $15 fee for every ton of carbon dioxide they released. This penalty would be increased by $2 plus inflation every year from 2020 until 2035, after which lawmakers could continue the increase or freeze it.

The fee would have generated an estimated $2 billion in its first five years and the revenue would have been spent by a governor-appointed board. The measure proposed a carbon fee instead of a tax because of the rules regarding the allocation of these revenues in Washington State. A fee limits the state government to use the revenues generated for a specific cause, whereas a tax generates revenue which can be used more generally. A fee would therefore allow WA to use the revenue from the polluters to fund environmental projects.

Essentially, Initiative 1631 aimed to establish the country's first carbon tax via ballot, to put a price on the damage caused by carbon being released into the atmosphere, primarily through the burning of fossil fuels. The effort is a classic example of a Pigouvian tax, a tax per unit of pollution. Carbon taxes are not unique to this region, in fact, British Columbia has had one for the past 10 years, with the rate currently at $35 per ton of carbon dioxide, reaching $50 in 2021. However, in the past decade, carbon emissions have only decreased by 2% in the region due to Canada's increase in oil and gas exports.

An alternative policy, known as "cap and trade," establishes tradable permits that polluters are granted for each …

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The Economics of Black Friday Sales

IVANA KOLINEK

The day after Thanksgiving, Black Friday, is often regarded as the beginning of the United States' Christmas and holiday shopping season. This crucial time accounts for 30% of all annual retails sales. In 2017, 682 billion dollars were spent on Black Friday alone. Major retailers have continued to open their doors on Thanksgiving evening or the early hours on Black Friday to entice shoppers looking for a bargain.

The excitement of Black Friday is built around the illusion of scarcity of resources and goods. This illusion of scarcity causes a frenzy among customers to be first to find the best deals before stores run out. The public knowledge that stores offer vast discounts and deals incentivizes stores to offer products for a lower price. In an effort to increase efficiency, measured by the number of goods purchased within a period of time, families and friends carefully plan out the stores they will target on Black Friday. This …

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… unit of pollution they create. The policy has been implemented in California for 5 years, resulting in an overall decrease in carbon emissions for the state, with a few caveats. The permits lack an expiration date and because the cap and trade system is not implemented nationwide, for the time being there is a less of an incentive for polluters to invest in California and continue reducing their pollution.

However, while both California and Washington have served as testing grounds for policies placing prices on carbon, national carbon initiatives are often at greater mercy to the political pendulum. A primary example is the Environmental Protection Agency's own determination of the social cost of carbon. Under the Obama Administration, the projected cost in 2020 was $45 per ton of carbon. The current administration, however, estimates it between $1 and $6. Similarly, in Canada, the federal government was gearing up to implement a national carbon price, eventually reaching $50 per ton, but the effort has recently stalled due to political resistance.

Although the political world goes back and forth on how best to incentivize polluters to reduce their carbon output, the threat of climate change marches on. Just last month, two years after the Paris Climate Agreement, the United Nations released a climate change report placing a 20-year deadline for new climate policies to be implemented that prevent the most serious environmental damage. Ultimately, the divisiveness surrounding Initiative 1631 stands as yet another reminder that enacting comprehensive climate change policy continues to be a difficult challenge – one that must be solved now more than ever.

Sources for information in this article can be provided upon request

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…cooperation between people leads to increased productivity as one person is assigned a few stores to buy goods for themselves and others too.

In recent years as retailers have sought to secure a greater share of a consumer's wallet, many have increased the duration of Black Friday deals to the beginning of November and diluted the value of promotions during the actual day. The growth of other shopping events, such as Cyber Monday, has also lead to the decline of spending on a single day and lead to more revenue for sellers.

Beyond just shopping, Black Friday also signals confidence in the economy due to the reflection of average consumer discretionary spending. Lower Black Friday sales figures are a possible harbinger of slowed economic growth from decreased spending.

According to the National Retail Federation, for the past 15 years, the only decrease in spending on Black Friday of 4.6% occurred in 2008 during the Great Recession.

2007	$755.13	$525.9 billion	2.7%
2008	$694.19	$501.7 billion	-4.6%
2009	$681.83	$503.2 billion	0.2%

Others view Black Friday as a way to gauge the condition of the total retail industry. Higher consumer spending leads to more revenue for retailers and indicates growth. Additionally, approximately half a million seasonal workers are hired for Black Friday and the holiday season in 2017. This can temporarily contribute to lower unemployment rates due to greater demand for workers.

After years of a bullish stock market and strong economy, the 2018 holiday shopping season is interesting due to recent corrections and volatility in the US stock market. The wealth effect describes the phenomena that a change in spending is accompanied by a change, usually positive, in perceived wealth. Since home and stock prices have generally been increasing for years, it can be assumed that consumers experienced a positive change in their perceived wealth, possibly leading to an increase in sales during previous Black Fridays. However, higher volatility and minor decreases in the value of assets may lead to changes in consumer consumption in terms of money spent and types of goods bought on 2018's Black Friday.

Sources for information in this article can be provided upon request

A Conversation with Yuya Takahashi

TYR BERNARD

The newest addition to the University of Washington Economics Department faculty, tenure-track Assistant Professor Yuya Takahashi, acts exactly how he appears: cordial, energetic, and motivated. Though his appointment as a UW faculty began in Summer 2018, Asst. Professor Takahashi has had an extensive international career in academics prior to moving to Seattle. Over the last eight years since getting his PhD, Asst. Professor Takahashi has held faculty positions at the University of Mannheim, Johns Hopkins University, and the University of Pennsylvania.

Dr. Takahashi received both his B.A. and M.A. from Keio University in Tokyo, Japan, his birthplace. Before moving to America and completing his PhD at the University of Wisconsin, Madison in 2010, Professor Takahashi completed an additional one and a half years of schooling in Keio after his master's degree.

He used these years to prepare for the coursework rigor of an American PhD education and sharpen his comprehension of the English language. This dedication to his education and willingness to invest the time and energy necessary to achieve his goals the first time are characteristic of Dr. Takahashi, who has …

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… spent over three years working on his current research and has received several awards for his previous economic papers, even one for his English writing ability.

The successful, albeit young, economics professor focuses his research in the fields of Industrial Organization (IO) and Labor Economics. As he describes it himself, "[Industrial Organization] is a new field. Mostly we are focusing on competition between big firms… we assume these big companies interact, thinking about each other's behaviors…and, basically, we ask, should we allow them to merge?"

Given current global trends toward corporate consolidation and threats of monopolization, Professor Takahashi's research is certainly in demand both intrinsically and instrumentally. Industrial Organization, a highly applied economic discipline, requires a comprehensive toolbox of economic techniques and an ability to apply them for analysis.

This toolkit primarily includes the use of game theory to frame the potential oligopoly concern and leverages computational econometrics to analyze the question and propose an answer.

Despite his motivation to focus on producing extensive research, Professor Takahashi, remains an enthusiastic teacher, who seeks to pass on the tools he uses for his research to his students. In fact, during only a short interview, Professor Takahashi taught the writer several eye-opening lessons ranging from the Economics PhD process (get your PhD in a cold, boring place) to methods for numerical analysis (think inverting matrices comprised of complex differential equations). He even recounted a court case between the University of Washington and his alma mater, the University of Madison-Wisconsin, over the rights to use UW. In his words, "We won".

There is no doubt that Yuya Takahashi will excel in his new position at University of Washington. As time progresses, we can look forward to Asst. Professor Takahashi spreading both his esteemed thoughts and family roots to the University of Washington community and beyond.

Sources for information in this article can be provided upon request

UPCOMING EVENTS:

Math/Stats Review: In early Winter quarter the EUB will be hosting a Math and Statistics Review Seminar to help students brush up on the math used in ECON 200/201, as well as ECON 300/301.

Career Fair: On January 25, 2019, the EUB will be hosting an Economics Career Fair in the Mary Gates Commons. Students ae invited to meet with employers seeking to hire Economics majors for both internships and full time positions.

Economics Tutoring: The EUB offers free tutoring every weekday at various times every quarter! Check the schedule on the EUB website to see tutoring times. If you need help with an upper level class, however, make sure you check the website to see which tutor can help.

Economizer Submissions: The Economizer will be seeking guest writers for our Winter Quarter issue. Interested writers should check their emails from the department in early Winter quarter for

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