

ISSUE 2

SPRING 2012

Exploring the World Through Economics



Department of Economics Newsletter

The Economics Department at John Jay

Brown Bag Lunch Series: The Brown Bag Lunch Series provides an opportunity for faculty to present their original research, scholarship, and creative work, aimed to speak to both departmental colleagues and those in various disciplines. This semester's lectures included:

- **March 8, 2012:** A discussion of relevant criminal justice topics presented by Daniel Stageman, Doctoral student in the criminal justice program at John Jay College.
- **April 2, 2012:** Research on how drug markets are scapegoats for capitalism presented by Jay Hamilton, Chair of the Economics Department.
- **May 10, 2012:** A presentation, "African American Cooperative Economic Thought and Practice - Is There a Grounded Theory?" presented by Jessica Gordon Nembhard, Professor in the Africana Studies Department.
- **May 14, 2012:** A discussion on Oil and Energy presented by Professor Joan Hoffman from the Economics Department.

Speakers: On March 14, 2012, economics Professor Özgür Orhangazi visited John Jay from Kadir University in Istanbul, Turkey. His presentation was entitled "Why Capitalism Keeps Creating Crises? An Overview of Theoretical Approaches." Dr. Orhangazi is the author of *Financialization and the U.S. Economy* and several articles on financialization and crisis. This event was co-sponsored by the Economics Department and the Students Economics Club.

New Economic Justice Speaker Series: On March 19, 2012, the department launched the **Economic Justice Series**. The first lecture of the series was entitled "Alternatives to Capitalism;" panelists included: Professor Erik Olsen (University of Missouri-Kansas City); Ian Seda-Irizarry (University of Massachusetts-Amherst and John Jay), and Professor Jessica Gordon Nembhard (John Jay College). The second lecture of the series, "Lessons from the Black Liberation Struggle for the Occupy Movement," was given by Mr. Ashanti Omowali Alston, activist and former member of the Black Panther Party. The lecture was held on April 26, 2012.

Omicron Delta Epsilon Honor Society Induction Ceremony: Last March, we were proud to see ten students inducted into Omicron Delta Epsilon, the national honor society for economics. The ceremony was attended by President Jeremy Travis, Dean of Students Anne Lopes, faculty members of the Economics Department, family and friends of the inductees. The following students were inducted into the Omicron Delta Epsilon Honor Society: Frank Chen, Suzette Sophia Donaldson, Jamillah Gould Thomas, Sherizma Francis, Natali Huertas, Arlind Idrizaj, Jasmin Jack, Vanessa Navarro, Clement Ng, and Rosita Parraway.



Faculty Doings

Professor Geert Dhondt and Professor Mathieu Dufour participated in a panel discussion “After the Crisis is a New New Deal Possible? Do We Want One?” at the Left Forum Conference, March 17, 2012.

Professor Geert Dhondt presented a paper, “The Logic of the Whip: Mass Incarceration as Labor Discipline in the Neoliberal Social Structure of Accumulation,” at the Allied Social Science Association Conference, Chicago, IL, January 7, 2012.

Professor Mathieu Dufour was invited by the Omicron Delta Epsilon chapter at Wagner College (Staten Island) to speak at a lecture. The lecture, entitled “The Debt Crisis in Greece: Wake-up Call or Public Hanging?” was held on April 18, 2012.

Professor Joan Hoffman presented a paper entitled “Truth and True Grit for Tree Green” at the 38th Eastern Economic Association Conference in March 2012.

Professor Joan Hoffman spoke at Occupy Wall Street in March on the topic of "From Protest to Collaboration to Protest" about protecting New York City's water including the current struggle against hydrofracking.

Professor Catherine Mulder was a panelist on “Remaking Scarcity” at the Brecht Forum on April 26, 2012.

Professor Catherine Mulder was elected to serve on the Board of Directors of the Left Forum.

Professor Catherine Mulder has been invited by the Center for Global Justice to participate in an international seminar in Cuba this June. Professor Mulder will also be presenting her work on Economics Democracy.

Professor Christopher Warburton published a research paper entitled “Globalization and Structural Change in the US manufacturing Sector 1987-2010” in the *Journal of Applied Econometrics and Development*, 12(1).

Professor Christopher Warburton published “The Limits of Monetary Treaty” in the *World Economics*. Oxford, Institute for Economic Policy, 13(2).

Professor Christopher Warburton published a book entitled “*The Delicts and Criminal Laws of International Economic Relations*.” New York, NY: McGraw Hill.

Students Activities

- ❖ Our economics students continue to make us proud! Maria Alfonso, Carl Chiu, Chelsea Delgado, Suzette Donaldson, Clement Ng, Shivraj Seodarsan, and Inna Shekhovtsova were accepted for the spring semester KPMG Forensic Scholars Discover Workshop! The three full-day workshops took place at KPMG Park Avenue headquarters where they met forensic experts at all levels, from their Americas Forensic Service Leader, Rich Girgenti, to some of their experts just beginning their careers.
- ❖ Congratulations to two of our students (Carl Chiu and Jennifer Dhanraj) who have been chosen to represent John Jay College at Chancellor Goldstein's "Celebrating Our Partners" cocktail party honoring the top donors. Professor Randall LaSalle selected Carl and Jennifer because they both have benefited from KPMG's Forensic Scholars Discovery program and can speak eloquently about themselves and our academic program.
- ❖ **Some Omar Azfar contestants discuss why their topics are important:**

"While it is well known that since September 11, 2001, Pakistan has played a vital part in helping America fight its War on Terrorism, it is little known to the rest of the world, that Pakistan has been fighting its own War on Corruption for decades. My paper will explore how the plague of corruption has hindered the Pakistani economy for years. The paper will focus on the education sector which suffers from what are called ghost schools and a failed teaching system. Both problems seriously undermine Pakistan's development." Ayesha Kiani

"My immediate motivation for entering the Omar Azfar Award contest was that the political economy of corruption has been my principal area of research throughout my undergraduate career, principally in money laundering and organized crime. The economics of corruption addresses a growing global crisis that has been until very recently relatively neglected in the literature though there is now a growing body of research to show the true magnitude of a problem with widespread geopolitical effects well beyond national borders or regional markets. All of these several motivations are of course important in their own right, and certainly true for me personally, but there is for me a far deeper and more imperative motivation reaching far back into my personal history and a whole world away from where my research began." Wei Jian Li

"I joined the John Jay Debate team this past fall and was inspired by my debate experiences for this contest. Throughout this past season the debate topic was regarding the Arab Spring countries. When I heard this contest was on economic corruption I immediately knew my essay would encompass the knowledge I had gained from debating all year. I hope you enjoy my essay." Michael Segnan

"The subject of corruption in community economic empowerment is important because corruption is the leveraging of one's position (usually publicly appointed) to gain unfair access to resources and opportunities that could be distributed to better the community. Those in need of economic improvement quite often have little to begin with and any misallocation robs them of the opportunity to break out of the self-reinforcing cycle of poverty. It is therefore important to understand and minimize the impact corruption plays in local government." Ray Tebout

Student Questions and Faculty Answers

General Economics Question: Is the current debt of the United States government a burden for future generations? Answer: Yes and No, depending on whom the debt is owed to, but mostly no.

One of the prevalent myth in recent discussions about the national debt of the United States is that it is mainly owed to China - it is not, as China owns less than 10% of the national debt. In fact, most of the United States national debt (around two thirds) is owed to Americans - investors, ordinary citizens, financial institutions, governments, etc.- with a large share of it in the Federal Reserve System, as an instrument to conduct the country's monetary policy, or in intra-governmental holdings. Intra-governmental holdings are different accounts designed to finance different programs, such as the Medicare trust fund or the social security trust fund.

The portion of the debt that is owed domestically is not a burden on future generations. At any point in time, somebody in the United States will own the debt. Consequently, if the United States raises revenues to repay that debt, it will simply transfer some money between Americans - from the people where these revenues are collected to the people who own the debt securities. For example, if the government decides to raise taxes to pay the debt, some Americans will pay taxes while some Americans (it could be the same people) will receive the debt payment. In total, there is no money lost for that generation of Americans; money is simply transferred between people inside the country.

What about foreign debt, you ask? Well, theoretically, debt borrowed now that would have to be repaid in the future could be a burden on future generations, to the extent that money would flow out of the country at a future date. However, there are three caveats:

1. Many of the foreigners owning United States debt securities are unlikely to cash them in (or not renew them). Much of the debt owed to foreigners is owed to foreign central banks that use it to conduct their own monetary policy. To the extent that the dollar remains a strong currency in the world, this debt will remain largely abroad (or be renewed). In fact, debt remaining abroad may even increase over time, if economic growth in foreign countries mandates an expansion of foreign currency holdings for the conduct of monetary policy.

2. The debt is denominated in US dollars, which the United States government, through the Federal Reserve System, can create. There can be consequences to flooding the world with U.S. dollars, of course, so this decision is not necessarily to be taken lightly. Nonetheless, if push came to shove, the government of the United States could always simply get itself out of its debt obligations by generating new money to pay for them.

With that money, foreigners could buy things in or from the United States, which would then be a real repayment. However, creating money in this way could generate inflation, which would decrease the amount of things to be had with the debt repayment... and anyway, an increase in exports may not be that bad for some sectors of the economy either.

3. The United States government could try to default. There the issue is largely political: Could anybody force the United States government to repay if it does not want to? Well, that one, I leave to you.

Question on the Economics Major: Is economics a heavy math based major or there is only one math class that can be used to satisfy the economics major?

Economics is not a heavy math based major. Economics can be studied from many perspectives using a wide variety of methodologies and we encourage students to explore economics from several perspectives. Our Economics Major does not require any math courses. The closest that we come to a required math course is Statistics. We do expect our students to have an understanding of basic algebra, the same expectation for all students entering John Jay. For those students who find a mathematical approach valuable, we offer Calculus classes as electives in our Specialization A: *Economic Analysis*.

Announcements

❖ *New Courses:*

ACC 264: Business Law. This course covers the role of law in business with a focus on contractual and other civil law. Topics include the legal environment, agency, the Uniform Commercial Code, debtor-creditor relationships, government regulation of business, and business structure. The course requires case analysis, problem solving, and oral and written communication.

ECO/GEN 327: Political Economy of Gender. To be taught by Professor Catherine Mulder. This course analyzes the relationships between gender and the global economy. Using various perspectives, this course examines how a person's gender affects, and is affected by, economic activities such as production and consumption both inside and outside the marketplace. Special attention is paid to policies such as discrimination laws, equal rights, environmental regulation and budgeting. The course covers such topics as the feminization of poverty, wage inequality, the reinforcement of economic stereotypes by pop culture, the sexual division of labor, sexual harassment, and sex trafficking.

ECO 310: Economics in Historical Perspectives. This course studies the evolution of global capitalism. Beginning with precapitalist modes of production, it follows capitalism's progression throughout time by studying the works of the most influential thinkers in Economics. This comprehensive analysis of economics examines structural changes, the institutions that support them, government policies, and other economic agents. The course pays special attention to how capitalism affects peoples' lives, their work, and the environment. This class will replace ECO 315 as a required course for concentration A.

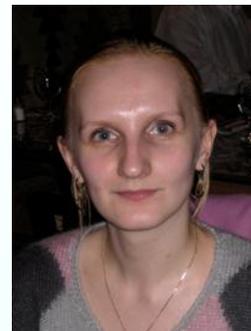
ECO 3XX –Sustainable Economic Development: In this course students study how the interactions of economic, political, social and environmental forces challenge the sustainability of global society. Students learn to analyze and critique diverse theoretical perspectives on sustainability. Topics include access to resources, climate change, biodiversity, environmental justice, the illegal economy and the transboundary nature of sustainability issues.

Minor in Sustainability. Professor Joan Hoffman has recruited faculty from different disciplines who share concerns about the environment and climate change to develop a minor in sustainability and environmental justice for the College. Because sustainability problems require a holistic approach, the variety of perspective offered by the various disciplines will be valuable. Some of the disciplines are science, philosophy, psychology, sociology, law and police science, english and economics. The minor will initially be housed in Economics.

Congratulations!

- ✓ Congratulations Katsiaryna Stserynzat. In February 2012, graduated from John Jay College with a Bachelor of Science in Economics and was selected as a Class 2012 Co- Valedictorian. This coming Fall, she will be attending the University of California Berkeley School of Law. Katsiaryna intends to practice white collar defense, concentrating on financial statement irregularities in the market and within financial institutions, while advising business owners on legal and economic issues. She is also interested in other business-related practice areas, such as, complex business litigation, securities enforcement and compliance, and accountants' liability litigation.
- ✓ Geert Dhondt received the Distinguished Service to Students Award for his efforts in mentoring students. During the 2011-2012 academic year, Professor Dhondt served as the adviser to the Economics Club and introduced fifteen John Jay students to academic conference in New York, Chicago, Amherst and Boston. Not only has he brought students to conferences, he has provided advice on courses outside the major needed for graduate school (such as calculus, philosophy, and linear algebra), and supported students in taking those courses. Additionally, he has provided advice on taking the Graduate Record Exams (GREs) for graduate school and has actively helped students get into law school. Geert has written "numerous" letters of recommendation for these students, as well as those seeking other post-baccalaureate degrees. Geert both inspires students to seek graduate education and provides them with a visible way forward.
- ✓ Professor Joan Hoffman was recently recognized for her 40 years of service to John Jay College at the Spring Faculty and Staff meeting in the new auditorium. At the occasion Professor Hoffman said, "I came here today because I thought many of you might be wondering 'How does one DO that?' The way one does that is by reincarnating IN the body. (Quick reflection reminded me that I had done it about five times). We are helped in doing this because we live in New York City. Also, it helped me that John Jay has also been reincarnating as an institution alongside of me."

To name just a few of her incarnations, Professor Hoffman helped to found the college's gender programs, she served as the founding chair of the Economics Department and is currently spearheading the development of the college's environmental sustainability academic programs. Professor Hoffman has also traveled to other countries to explore the world, including sabbaticals in Mexico and Bali, Indonesia. Besides writing articles and books on economics, she has studied and created art and written poetry. In addition, she has pushed herself beyond her comfort levels. As she tells her students "One of the challenges of life is to be a warrior to the dragon of your fears. And only your fears, not those of other people, count."



The economics faculty is actively trying to engage their students in these kinds of events, so please see our bulletin board, office doors, or emails for announcements of upcoming events. If you'd like to be included in our email list, please email Ms. Rita Taveras at: rtaveras@jjay.cuny.edu. The department of Economics is located at 445 West 59th Street, Room 3503N, NY, NY 10019.