



ISSUES IN POLITICAL ECONOMY
Undergraduate Student Research in Economics

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Mission Statement

Issues in Political Economy is committed to supporting and encouraging quality undergraduate research in all areas of economics. Now in its 21st volume, the Journal was founded on the belief that the best way to learn economics is to do economics. Through the process of research, writing, and peer review, students actively engage the discipline in a way not possible by simply listening to lectures and reading textbooks. In short, undergraduate research is a vital component in an economics education. The literature suggests that students take projects more seriously and learn more when the project is directed towards an external rather than an internal audience such as a class assignment. *IPE* is designed to provide an external audience for such research.

Issues in Political Economy is edited and refereed entirely by students, with oversight from faculty at Elon University and University of Mary Washington. In order to maintain quality and objectivity, we follow a double-blind review process. The only requirements for submission are that the article pertains to some aspect of economics, that it was written during undergraduate study, and that it be submitted through a faculty sponsor. Though submissions on all topics in economics will receive consideration, papers should be analytical and seek to add new understanding to the topic

For additional information please visit our website <http://www.elon.edu/ipe>

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NOTE FROM THE EDITOR

Issues in Political Economy is one of only two national journals dedicated to undergraduate economics research. As such it occupies a unique place in the furthering of economics research, as it is dedicated not merely to the research that is taking place in the now, but to showcasing upcoming talent in the field. Founded by the students in Bellamine College over two decades ago, the responsibility and privilege of this Journal has rested with Elon University and University of Mary Washington since 1999.

In addition to focusing on undergraduate research, the *IPE* is a student lead incentive. While faculty oversees the project and handles the inherent problems of a Journal, *IPE* is primarily led by seniors in which, all papers are reviewed by fellow students, and all editorship and decision making rests in the hands of the students.

We would like to thank Dr. Steve DeLoach from Elon University and Dr. Steven Greenlaw from the University of Mary Washington for their guidance and support. These faculty members steered much of the process, and the final result would not be possible without them.

The Journal also sponsors an undergraduate session every year at the Annual Eastern Economics Association Conference. This year's session was held in Boston, Massachusetts and was a great success, hosting many student papers. I would encourage any future submitters to consider presenting at the conference as well as submitting to the Journal, as the experience of a live presentation is not something to ignore.

It is out of hope that each year's *Issues in Political Economy* will build upon the success of the past and continue to be a creative and beneficial journal for all involved.

Patrick Marek

FORWARD

The twenty-first volume of *Issues in Political Economy* contains five papers. These papers offer a wide variety of topics and range from an examination of the factors that affect education to the re-examination of the mythological approaches taken in modern economics. Each paper offers thorough and in-depth economic analysis using a variety of different techniques from logical analytics to sophisticated econometric models.

The first paper, Daniyal Khan from Lahore University of Management Sciences in Pakistan further examines the body of work calling for the distancing of economics from the natural science and included more of the social sciences. Using logical analysis he further explores the philosophy of science's influence on the philosophy of economics. The paper concludes that economics should embrace more sociological factors in developing future models.

The next paper, Yuan Mei from Trinity College investigates whether inequality in the distribution of income will affect aggregate consumption. The paper does so by examining the validity of the Palley (2002) and Setterfield (2010) argument that the aggregate consumption in the United States can be attributed to an unsustainable process of debt financing. Mei's concludes that there exists a cointegrating relationship between the Gini Index and Consumption. However, the VEC model implies that income distribution affects consumption only in the short run.

The third paper, Daniel Sexton from Stonehill College researches the impact Republicans and Democrats have on education quality at the state level in the United States. Sexton uses a state's SAT scores to act as a proxy measure for education quality. In conclusion the regression results presented run consistent with general rhetoric that Democrats and their associated policies do in fact impose a positive influence on education quality at the state level.

The fourth paper, Michael Jackson from the Catholic University of America aims to study determinants of out-of-state tuition at public universities in the United States. Using cross-sectional data from 383 public 4-year universities, Jackson builds upon the existing body of research in several ways, such as, actually academic quality versus perceived academic quality. The paper concludes that the determination of out-of-state tuition at a public university is significantly affected by its perceived academic quality, the existence of tuition-setting authority by the state's legislature, and the change in in-state tuition.

Finally, Tyler Zoda from Elon University seeks to answer the question does money spent on Division I-AA football, help increase the prestige of the university by attracting brighter students? To answer this Zoda theorizes that a university allocates its resources to maximize the welfare of the university as a whole. Through the cross sectional dataset his use of econometric application is extensive controlling for a number problems within the dataset. The author's concludes that spending on athletics may not necessarily have benefits beyond the athletic program thus adding to the conflicting literature that currently exists on this topic.

We are fortunate to have such a talented set of writers this year. The range of topics covered as well as the depth in which each topic is explored demonstrates the quality of studies the IPE is proud to maintain. We hope this edition inspires submissions for next year, promote future research, and provide valuable and significant insight into each topic as this year's papers have done.

Patrick Marek