



# ISSUES IN POLITICAL ECONOMY

Undergraduate Student Research in Economics

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## **Referees**

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Kimheng Larch, Olivia Leggett, Jack Libby, Sarah Katherine Loos,  
Cameron Macmaster, Benjamin O'Connor, Joseph Perry,  
Christopher Plucinski-Taylor, Andrea Sheetz, Campbell Shepard,  
Jack Susser, Malia Takei, Sarah Katherine Loos

## Mission Statement

*Issues in Political Economy* is committed to supporting and encouraging quality undergraduate research in all areas of economics. 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 began over a decade ago with the goal of developing a forum to further the understanding of economics among undergraduate students. The original journal was conceived and cultivated by dedicated students and faculty at Bellarmine College in Louisville, Kentucky.

In 1999, Elon University and the University of Mary Washington inherited the sponsorship and editorial responsibilities of Issues in Political Economy. Since then, IPE has gained international recognition as one of only two undergraduate research journals, and has received submissions from all over the world.

The IPE not only focuses on promoting undergraduate research, but also is a student lead incentive. While faculty oversees the project, an editorial team of senior economic majors primarily leads the journal. Students review all submissions and the final decision-making rests in the hands of the editorial team.

We would like to thank Dr. Steve DeLoach from Elon University and Dr. Amrita Dhar 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, typically in conjunction with the Annual Eastern Economics Association Conference. This year's 28th annual IPE Conference was held in New York City, NY and was a great success, hosting many student papers and allowing students to serve as session chairs and discussants. We would also 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 our 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.

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# FOREWORD

Taylor Zhang, from Smith College, seeks to evaluate the effects of three rounds of QE the Federal Reserve implemented during the GFC on capital inflows to ten EMEs. This paper finds evidence that there is a positive relationship between QE episodes and net capital inflows and that financial inflows to EMEs operate along all three potential channels (i.e., portfolio balance, liquidity, and confidence) of transmission.

Laura Xin, from Smith College, provides an in-depth look to answer the question of whether central bank independence is able to constrain government budget deficits, using data from 15 OECD countries between 1995-2012 and the Garriga CBI index. Her findings suggest that CBI might have a weakly positive relationship with the level of budget deficit.

From Western Carolina University, Adam Mottershead takes a look the WTQ policy, which is an innovative, market-based water conservation policy to ensure water availability. He find that overall, the state of North Carolina can handle current water demand, but a few local areas of urban growth are running a deficit. He also finds that voluntarily trading though a water-based cap and trade system will not only encourage water conservation, but also promote innovation of water saving technology through potential financial benefit.

Sharaar Jamil, from Virginia Polytechnic Institute and State University, uses a hedonic model to find the most significant factors of the rent of a student apartment, building off previous work in related industries. He compares his model to an original survey conducted and finds correspondence and that the most significant factors are the number of rooms per unit, bathrooms, the distance from campus, the presence of common areas, and the enforcement of private parking.

Lastly, William Drappo, from Indiana State University, discusses the theory neoclassical perspective of the modern food system and how most believe that people consume rationally, that consumers rule the market, and that agriculture is perfectly competitive. In his study, he provides and in-depth look at the welfare of producers, as well as solutions on reforming the industrial food system.

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