Final Presentation Schedule
ECON 145, Section 2 (Van Gaasbeck)

Tuesday, May 9th, 3-4:30p.m.
Capital Room, University Union (3rd floor)

Alena Nalbandyan	How Does Immigration Affect Wages in the U.S.?
Erik Jensen	Educational and Other Returns to Income
ToChau Nguyen	Housing Markets in the U.S.
Philip Claar	The Efficient Markets Hypothesis in a Real World Market
Lindsay Martin	The 2003 Dividend Tax Cuts and the Effect on Stock Prices
Austen Dempster	All Shook Up: California's Post-Disaster Economy
Johnny Neang	Effects of Demographics on Business
Clement Paulraj	"The Costs of the Minimum Wage"

Thursday, May 11th, 3:30-5p.m.
Capital Room, University Union (3rd floor)

Aiming Zhai	Gender Differences in Pay: The Case of Government Engineering Jobs
Sean Rudden	How to Make a Healthier Society: Does Urban Density Affect a Person's Health?
Scott Hensley	Operational Risk of Credit Union
Rick Souvannavong	House Price Differential in Sacramento, California
Mark Leveck	An Analysis of Student Achievement Using Expenditure
Jeffrey Seaton II	Helicopter Pilot Utility
Jad Keileh	NBA Salaries
Jagmeet Grewal	Bank Risk and Profit

How Does Immigration Affect Wages in U.S.?
Alena Nalbandyan

This paper compares earnings of natives and immigrants in the United States. We use cross-section data from the1990 Census Public Use Microdata Areas (PUMS).Using regression analysis we show workers who are not citizens earn less on average. To examine the importance of the non-native workers we identify two categories of immigrants: those who arrived before the 1970's ("old immigrants") and those who arrived after 1970 ("new arrivals"). Borjas (2004) states that "new arrivals" are less educated compared to "old immigrants" which affects on their earnings. The findings of this study show "new arrivals" are less educated and earn lower wages than immigrants who arrived before the 1970's.
JEC Codes: J21, J82

Educational and Other Returns to Income
Erik Jensen

In this paper I construct a regression to measure how much of income differences can be explained by gender, educational attainment, union membership, and work experience. I find that gender, bachelor's degree, doctoral degree, professional degree, and union membership are significant at the 99% level, and that high school, master's degree, and work experience, are statistically insignificant in explaining income differences. While previous research has focused on the relationship between technology use and wages, or between education and technology use, I focus on the relationship between various levels of educational attainment and income. This research will prove useful for anyone hoping to do a cost-benefit analysis on how much education to acquire and whether to join a union.
JEL Codes: D31, J30, J50

Housing Markets in the U.S.
ToChau Nguyen

The purpose of this paper is to explore the factors which affect U.S national housing prices. Using data from 1963 to 2006, I will investigate certain variables which directly affect the rise and fall of housing costs. These variables are as follows: Effective Federal Fund Rate, personal income, population, total number of houses sold, new houses, and house size. This study finds that Effective Federal Fund Rate and house size have a significant impact on the housing prices, while others, such as population, total number of houses sold and new houses show less significant.
JEL Codes: R21, R22

The Efficient Market Hypothesis in a Real World Market
Philip B. Claar

The Efficient Market Hypothesis implies that the current price of a stock is equal to the present value of expected future dividends. Earlier work by Shiller (1989) documents excessive volatility in stock price - the variance of price far exceeds the variance of dividends. If there is excessive volatility in stock prices, this implies investors may be able to earn above-market returns. The Random Walk is a commonly used empirical test of the Efficient Market Hypothesis. If stock prices do follow a random walk, this implies changes in prices are not predictable: This paper uses monthly data on S&P 500 prices, dividends and earnings to explain the Efficient Market Hypothesis. Specifically, we study the volatility of prices relative to dividends and earnings. We then use regression analysis to test whether the S&P 500 prices follow a random walk. The results reveal that the Random Walk Theory does hold and therefore the stock market is efficient. This allows me to conclude that if the stock market is efficient then the problem lies with the economic model that is being used to evaluate price volatility in the stock market.
JEL Codes: G140, G120

The 2003 Dividend Tax Cuts and the Effect on Stock Prices

Lindsay Martin

The 2003 dividend tax cut was enacted to investment and economic growth. Typically tax cuts stimulate the economy and are associated with growth in stock prices. Since the tax cut benefited wealthier investors it is unlikely that the tax cut dramatically changed their investment habits. In this research, we study the behavior of several stock markt indices to test whether the dividend tax cut of 2003 had a significant effect on stock prices. Unlike previous research we identify the important events associated with the tax cut to see if there was a significant change in stock prices during a specific time period by using dummy variables. Using regression analysis, we estimate the stock prices as a function of the event dummy variables and the federal funds rate. We found that the passing of the tax cut by congress caused a significant change in the stock market.

JEL Codes: G14, G35, E62

All Shook Up: California's Post-Disaster Economy

Austen Dempster

Having endured the 1989 Loma Prieta Earthquake and the 1994 Northridge Earthquake, California has experienced both economic benefits and associated costs as a result. This research measures the costs and benefits in terms of both regional employment and statewide production. Specifically, we examine the post-disaster growth patterns of regional employment in the Los Angeles Metropolitan Area, the Greater San Francisco Bay Area, and Gross State Product. This research uses regression analysis to identify the effects earthquakes have on the economy in both the short-run and the long run. A combination of descriptive data and regression analysis indicate that earthquakes have a positive affect on GSP and regional employment. While human and natural resource losses are incurred as a result of disasters, the evidence suggests that the statewide economy is able to continue forward on its trend virtually unaffected.

JEL Codes: O13, E22, J23

Effects of Demographics on Business

Johnny Neang

Some U.S. states grow at different rates based on their performance output. Factors such as gender, population density, education, and the labor force contribute in business performance across states. This paper researches demographic effects on businesses. Factors such as population density, education, and the labor force have a positive effect on the state's economy while gender has a negative effect. Looking at demographics and business, the close proximity of skilled networking in business contributes to a firm's success, and the state's economic performance. The analysis using business bankruptcies and real gross state product supports this hypothesis

JEL Codes: O15, R30

The Economic Significance of Pro Sports on Metropolitan Areas

Clement Paulraj

Professional sports may attract income and job growth to the regional economy. New venue construction is a demand that many cities must submit to if they are to host a professional sports franchise. However, the constructions of these arenas create high costs that must be bared by the city's taxpayers. This paper uses regression analysis to study the effects of new arena construction on economic growth, in terms of per capita income, in Miami, Dallas, and San Jose. Previous research has found stadium/arena construction to have minimal effects on a cities' economic growth. This paper attempts to counter this point of view and serve as an economic tool for policymakers who are forced to make this expensive decision. From the data analysis conducted, we find that stadium construction does have a statistically significant impact on each region's per capita income.

JEL Codes: R11, R59

Gender Differences in Pay: The Case of Government Engineering Jobs

Aiming Zhai

Earlier work mainly study gender pay gap using data from both private and public sectors. Focusing on public sector, this paper examines the pay gap between male and female engineers working in federal, state and local government. Using cross section data of the Current Population Survey and Panel Study of Income Dynamics1990 to 2000, we estimate wage as a function of age, working experience, race, education, martial and union status. The study does find the remaining unexplained pay gap between genders is largely explained by sex discrimination. Applying a second differences-in differences analysis, the study also reflects a decline in labor-market discrimination against women of this period of time which conflicts to previous research. We choose the sample age from 35 yrs old to 55 yrs old which has the largest gender pay gap among all age groups.
JEL Codes: J16, J31, N30

How to Make a Healthier Society:
Does Urban Density Affect a Person's Health?

Sean Rudden

This paper studies determinates behind the growth of obesity in the United States. The main purpose is to determine whether lower density environments increase the chance of being obese. There has been a lack of previous research to date finding what the relationship is. To measure a person's health BMI (Body Mass Index) is used. Previous research has shown that living in a higher density environment makes for a more active lifestyle and lower BMI. Using cross sectional data from 2003 of the 58 California counties we find higher density has a negative affect on BMI. Variables being used to determine BMI are Age, Crime, Density, Income, and Traffic.
JEL Codes: I18, R29

Operational Risk of Credit Union

Scott Hensley

Credit union consolidation has led to increased efficiency through economies of scale. Recent studies conclude that larger credit unions have lower failure rates and post lower insurance lost rates. Furthermore, credit unions have smaller failures rates then commercial bank of equal size. (Wilcox, 2005)The purpose of the regression analysis is to determine the operational risk of credit unions. In the analysis, we derive our explanatory variable from the credit union balance sheet. Specifically, we express return on assets as a function of our income and expense variables derived from the balance sheet.
JEL Codes: G21, G29

House Price Differential in Sacramento, California

Rick Souvannavong

This paper studies how the probability of flooding affects housing prices. Harrison, et al. (2001) examine house values in Alachua County, Florida and found homes located within 100-year flood plains, on average, sell for less than similar homes located outside of the flood plain. Using cross section data on houses in Sacramento, California, we estimate house prices factoring flood zones and other control variables. We match home addresses to the Sacramento Area Flood Control Agency (SAFCA) flood map to determine flood threat. In examining these explanatory variables, we found homes located in the 100-year flood plain sell 4.9% less than homes located outside of the high risk areas.
JEL Codes: R21, R22, Q54

An Analysis of Student Achievement Using Expenditure
Mark Leveck

This paper examines school expenditure and its relationship to overall student achievement. Earlier work on this topic has resulted in mixed results. In particular, Hanushek has suggested that increased spending over the past few decades has resulted in flat or declining student performance. His conclusion would seem to suggest diminishing returns on expenditure.Within this framework, National Assessment of Educational Progress scores for each state are used as a measure of achievement at the fourth and eigth grade levels in order to determine the effects of expenditure. Other factors such as the ratio of students per teacher, race, and income are included as control variables. The evidence adds to previous studies concluding that no relationship exists between expenditure and student achievement. Furthermore, it's shown that race and income play a large role in student achievement.
JEL Codes: I21, I22, 128

Helicopter Pilot Utility
Jeffrey Seaton II

This paper investigates helicopter pilot utility. Estimating consumer theory in a nested binomial logit model, this paper addresses factors contributing to pilot choice of General Aviation facilities in the United States. As concluded in Camasso and Jagannathan (2001), facility attributes influence pilot decision-making during flight operations. The cross-section analysis of seventy-three U.S. helicopter pilots considers pilot age, skill level, experience, as well as airport congestion, lighting, navigational aids and hospitality services. This results in several interesting relationships such as concern for a specific airport attribute can be mitigated by the existence of a separate airport attribute and that pilot comfort, on occasion, preempts pilot safety.
JEL Codes: D11, D12, R49

NBA Salaries
Jad Keileh

This article re-examines the issue of race, to see if there is evidence that racial discrimination still drives a wedge between white and black players in the National Basketball Association (NBA) in the 2003-2004 season. We measure the players' marginal product and compare salaries across two races. The results of our analysis show discrimination between white and blacks no longer exists. Previous studies, using data from the 1980's, estimated white players' earned between twelve and twenty five percent more than black players. Some have argued that salary differentials presented in the 1980's are explained by a reduction in the relative prices for the increased production, as well as an increase in the production in black players. Using regression analysis, we examine the issue by expressing player's wages as a function of productivity and race. Our results show no evidence of wage discrimination in the NBA.
JEL Codes: J31, J44

Bank Risk and Profit
Jagmeet Grewal

The research studies how regulation affects bank risk. We use regression analysis to estimate the affect of bank regulation on the leverage ratio, controlling for financial market and macroeconomic conditions. Previous studies on bank risk summarize that bank regulation, deregulation, and ownership of bank have a significant affect on the risk taken by banks. There is a trade off between capital on hand, and the return on equity. Bank managers need to balance bank capital between generating profits, and to have a solvent bank. The research studies bank regulations and deregulation from 1980-1999. The study found that deregulation negatively affects the leverage ratio, while regulation positively affects the leverage ratio.
JEL Codes: G21, G28, E58