

UCLA ECONOMICS

Undergraduate Newsletter

Editors: Joshua Strickfaden, Kenichi Tate

Are You Ready for the Summer?

“Start with the idea that you can’t repeal the laws of economics. Even if they are inconvenient.”
—Lawrence Summers



Understanding the Current Economy: UCLA Economists Speak Out

In recent months, UCLA economists have actively written and spoken about the current economic crisis. A list of links to the various opinions and ideas set forth by our economics faculty can be found on our website at: www.econ.ucla.edu/econcrisis. Faculty speak on issues such as how the current disaster was allowed to develop, how the proposed economic policies are likely to work and what the future holds for our economy.

UCLA Economics Summer Sessions

The Department of Economics would like to remind you of our Summer 2016 course offerings. Summer classes might assist you in completing your degree in a timely or even early manner. Also, please note that we are offering all the required core courses as well as several sections from the Econ.106 series and other upper division economics electives. All courses will be open to both Economics and Business Economics majors and pre-majors, provided that you will have completed the prerequisites.

Important Dates and Notices

Last day to add courses with a fee through MyUCLA: **4/15/16**
 Last day to DROP non-impacted courses without a transcript notation and with a fee: **4/22/16**
 Last day to change grading basis (optional P/NP) with fee through MyUCLA: **5/6/16**
 Last day to DROP non-impacted courses with transcript notation and fee through MyUCLA: **5/13/16**
 Last day to WITHDRAW from current term: **6/3/16**
 Final Examinations: **6/6/16-6/10/16**

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E C O N T A L K : Professor Rodrigo Pinto

After obtaining his Ph.D. from the University of Chicago, Professor Rodrigo Pinto joined UCLA. He is hoping to leave a lasting impact not only in the field of labor economics but also on the UCLA community.



Q. What interests you about economics and the research surrounding the field?

A. I did engineering for my undergraduate degree and only then switched to economics. The questions we try to answer in economics make the field far more interesting than engineering. In simple terms, economics studies human behavior and interaction under scarcity. And humans are complex creatures. The fascinating aspect of economics is that, in spite of human complexity, the core of economics draws from a concise set of equations often taught in microeconomics classes. Those pithy concepts are powerful tools in examining a range of seemingly unrelated human behavior: crime, altruism, addiction, marriage, politics, suicide, trade, fertility and the equilibrium of market supply and demand.

Q. What sort of research do you undertake and for what reasons?

A. I am an applied econometrician with strong interests in policy evaluation, causal analysis and identification. My research integrates economics, econometrics and empirical research. I have developed new econometric tools that are useful in analyzing a variety of social experiments. I have conducted a number of influential empirical studies evaluating early childhood programs that have helped shape policies in the U.S. and around the world. Policy evaluations are theoretically interesting because the identification of treatment effects usually combines causal analysis, economic behavior and statistics. Policy evaluations are empirically relevant because they allow us to investigate how to use social interventions to achieve desirable social outputs such as the reduction of poverty and economic inequality.

Q. What would you like to have achieved when you look back on your career?

A. My main goal is simple: I would like to continue studying interesting questions that allow me to apply creative solutions to problems in policy evaluation. My current research focuses on understanding the efficiency of investing in human capital during early childhood. I am also very interested in the study of economic inequality, poverty and crime. Methodologically, my goal is to study frameworks that allow us to integrate economic concepts and causal inference easily. There are lots to be discovered on the intersection of these ideas.

Q. Why did you choose to come to UCLA?

A. For many reasons, but the most important one is people. I really enjoy interacting with the other professors. I love the positive, inquisitive and welcoming vibe of the Economics Department at UCLA. I like to talk. I like to discuss ideas and I really like to learn. I found it all at UCLA. It is a great atmosphere to do research. I must also mention that the beauty of the campus and the vibrant city of Los Angeles made the choice of joining the team at UCLA even more pleasing. My satisfaction of belonging to this great team of researchers has grown as days go by. UCLA is a great experience, both at academic and personal levels.

Q. Do you have any hobbies outside of academia that you enjoy pursuing?

A. I like electromagnetism. In particular, I love the beauty of its simplicity. The four Maxwell equations are not intuitive, but when fused, produce wonders: light, sound and heat. Like economic concepts, the applications of electromagnetism are vast: pulse motors, x-rays, levitation. In the same fashion that statistics is born when probability meets data, electronics arises when electromagnetism meets natural materials. There too resides a beautiful simplicity. Most electronic components (e.g. transistors, microchips, clocks) can be represented by the combination of four basic building blocks: inductors, resistors, capacitors and diodes. I also like photography, and one day I hope to try kite-surfing.

Q. If there was one piece of advice you could give to students studying economics, what would it be?

A. First of all, decide whether you want to pursue an academic career. If so, invest a good amount of time and reflection to deeply understand basic economic concepts. Learn the statistical and mathematical languages that are often used to express ideas. Most importantly, work with a professor. Research is more than having great ideas; it is about producing academic output. There is a long road from great ideas to a published paper. This road is often paved by experience. You will acquire the traits of our profession faster if you learn from your professor.

Opinion: A Case for Silver

With uncertainty plaguing markets worldwide, the question then arises: is silver undervalued? The below points underscore the underlying features of silver and suggest that this may be the case.

Silver has stood the test of time not only as a monetary metal but also as a store of value. Unlike fiat currencies which retain value only when people place their confidence in them, silver is an intrinsically valuable asset that increases in value as volatility and uncertainty pervade global markets. With confidence in debt-based and fiat currencies waning, sentiments in favor of commodities like silver are proliferating. By serving as a hedge against the collapse of fiat monetary systems, silver will continue to draw investor attention as uncertainty permeates the financial landscape.



Silver also features prominently as a safe haven during times of trouble. When people are spooked by political instability and economic downturns, they flock to precious metals like silver, understanding that they are powerful stores of value. In the extreme case of a complete financial meltdown, silver would be all the more valuable. Unlike gold, silver can be easily traded for goods, due to its lower price. As a tangible, tradable and innately valuable asset, silver is a sensible investment that will keep its owners at financial ease.

Of course, a discussion of silver would not be complete without investigating its myriad industrial functions. From cell phones to solar panels to military weaponry, silver plays a crucial role in a wide array of applications that few recognize. Having the highest electrical conductivity out of all metals, silver is a nearly irreplaceable industrial asset that will continue to be utilized throughout the ages. Just judging by the demand of silver from an industrial point of view, silver will certainly retain value for years to come. Coupled with the fact that silver is rarely recycled and becoming more scarce, there is great potential for a surge in silver prices as both industrial and personal demand rise for this commodity.

With the aforementioned points in mind, the question follows: why is silver so undervalued? Although the answer is intricate, to say the least, we can attribute factors such as market manipulation to the intentional suppression of silver prices. Nonetheless, with silver prices at unbelievable lows, there is a strong case to invest in silver while it remains underpriced.

We live in interesting economic times without a doubt. With uncertainty and turbulence plaguing the world, people are slowly starting to flock to silver as well as other precious metals. And for good reason.

Will 2016 be the year for silver? Only time will tell.

Cr. <http://www.wallstreetdaily.com/> (image)

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Questions?

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partial aid. This leaves the majority of students to cover the rest of the cost on their own, most often resulting in them to resort to student loans. Though USC officials claim that they are “mindful of cost,” the recent tuition milestone says otherwise. In fact, USC has become the 12th most expensive private institution to attend in the United States.

The University of Oregon also recently approved a tuition hike for the upcoming fall quarter for both in-state and out-of-state tuition. The hike is estimated to generate \$13.5 million in revenue. The University receives little state funding, motivating the tuition hike. The University of Oregon president, Michael Schill, believes that the hike was a necessity for the University to move toward a greater goal: academic excellence. Still, Schill claims that the funds generated by the tuition increase will not be enough for now or the future. Students attending a board meeting voiced their opinions, stressing the reality of their financial struggles and concerns surrounding the tuition increase. Despite their efforts, the tuition increase was passed. In-state tuition will rise to \$8,910 and out-of-state tuition to \$31,590.

News of graduate school tuition increases is often overshadowed by the public rally against undergraduate tuition. However, graduate education is now becoming more and more expensive. Take UC Berkeley for example. UC Berkeley has been doubling and even tripling, tuition for its graduate programs, while still adhering to the UC tuition freeze. Approximately one-fourth of Berkeley’s graduate programs have experienced “supplemental tuition.” Once again, UC Berkeley officials claim the tuition increases are needed in order to keep up with the fast-paced world. For instance, the tuition for a master’s at the School of Engineering rose from \$12,950 to \$44,985. While undergraduate students are enjoying the UC tuition freeze, graduate students are feeling the brunt of the blow. In a day in age where a master’s degree is highly recommended in any line of work, graduate students are forced to absorb the tuition increases.

It is becoming too easy for university officials to propose and agree to tuition increases at the sake of the well-being of their students. Many students are stuck between a rock and a hard place due to the vicious cycle of the education system. Is it the “easy way out” to alleviate the financial burden of an institution by shifting it onto its students? Will students ever be able to obtain quality, higher education without hurting their pockets?

Contributor: Nia Hampton, Undergraduate Economics Student

Opinion: Tuition Hikes...Yet Again

In this generation, it seems that it has become the norm to hear about or experience tuition hikes at institutions across the nation, usually followed by campus-wide protests. Millions of undergraduate and graduate students have become victims of this unfortunate predicament, causing student debt to reach over \$1.3 trillion. Tuition hikes at the University of Southern California (USC), University of Oregon and UC Berkeley are the most recent cases. Will the tuition hikes ever stop?

The tuition at USC has reached an all-time high of \$51,442. This is the first time USC tuition has exceeded \$50,000. When you include room and board, books and additional fees, it would cost approximately \$70,000 a year to attend USC. According to USC, however, two-thirds of its students receive financial aid. Of course, only a handful of students receives a full financial aid package, with most receiving