Greetings from the Economics Department!

My name is Peter Rupert, the newly appointed Chair of the Economics Department. I would like to take this opportunity to thank Charlie Kolstad, the outgoing Chair, for his leadership over the past three years. Although he and others have warned me about the serious time commitment and frustrations due to the recent budget issues, I am excited about the opportunity, mainly because Professor Kolstad has kept us on a high-quality and sustainable long term plan. Indeed, due to Professor Kolstad’s ingenuity and perseverance we have successfully encumbered the funds to recruit for the Mead Chair in Economics. This was due, in large part, to a matching fund program set up by Sue and Gary Wilcox. In addition, many of our own faculty stepped up to the plate with their own donations. Being able to recruit into this newly created Chair is an essential part of our long run development plan. Endowed chairs make it possible to recruit prominent, established economists that raise the level of the intellectual environment, not to mention the status of UCSB, as we continue to climb higher in the rankings.

This year we have two new visiting faculty members joining the department. Seth Borgo joins us from the University of Washington. Seth is finishing his dissertation and assisting Professor Shelly Lundberg with research. Seth’s research field is the economics of the family, and his dissertation topic is on the borderline with sociology. He is currently examining the selection of high and low divorce risk couples into premarital cohabitation and straightaway marriage, and how the patterns of selection vary with the prevalence of premarital cohabitation in a society. Seth’s research with Professor Lundberg involves studying how personality and risk aversion affect ties (financial and otherwise) between parents and children. Daniel Lawver joins us from Arizona State University. Daniel’s main areas are in macroeconomics and health economics. The paper Daniel presented in his seminar at UCSB examines the role of quality improvement in health care. In particular, he finds that the quality of medical goods increased dramatically between 1996 and 2007. The relative price of medical goods, properly adjusted for changes in quality, has actually declined over this period, suggesting that, despite the rapid rise in the purchase price of medical goods, people are getting more and more for each dollar that they spend on medical goods and services. Such findings are important for the debate on health care issues, evidently one of the most important issues on the docket!

There have also been changes in the staff. Ece Akca left us this past summer to return home to Turkey. New to the front office is Erin Tang. Erin holds a Bachelor of Arts in Political Science as well as a minor in History from UCSB. She spent her third year studying abroad in Edinburgh, Scotland and became part of the Economics Department shortly before her college graduation.

We are also very pleased to announce our undergrad advising Facebook page. Given that we are one of the largest departments on campus, undergrad advising is a daunting task! The Facebook page will enable students to get some questions answered, find out what is going on, etc., as new information is posted. Moreover, our new Career Connection is there to assist students with their transition from student life to professional life.

Finally, we are also making some improvements to our physical plant. Our administrative offices have been retrofitted with new carpets, furniture and general maintenance in several areas: the graduate advising office, Career Connection office, undergraduate advising office and the main office.

Let me close by thanking everyone who has assisted the department over the past year. I have to say that the support that comes in from alumni and friends has made an enormous impact on our department. Thank you.

Peter Rupert
Email: chair@econ.ucsb.edu
In Honor and Memory of
Alec Alexander
1923-2008

William S. Comanor

Alec was born Alexander Zacharatos in San Francisco in 1923. His parents were immigrants from Greece, but four years later made the momentous decision that would change Alec’s life: they would return to Greece. And so Alec grew up in Athens.

He was 16 in 1939 when World War II began and soon thereafter saw the Germans march into his city. It was during the occupation that Alec graduated from high school and entered the University of Athens. Finally the hardships and indignities of the occupation became too much to accept. He was 20 years old, in early 1944, when he left home and made his way to the mountains of northern Greece to join the partisans.

Alec spent his early 20s fighting Germans. During that time, he fought in various battles and skirmishes, saw friends and comrades die in battle, and earned two Gold Medals for Valor. But then suddenly the war was over, and Alec and his compatriots returned victorious to Athens.

He was a different person from the one who had hiked to the mountains just a year or so earlier. He changed the direction of his life and returned to California, as a returning US citizen, to resume his education.

Alec entered UC Berkeley and received his undergraduate degree in 1949. More years had passed than he had anticipated, but he had done important things and acquitted himself with honor. Alec stayed on at Berkeley for his PhD in economics, which he earned in 1957. It was during this time that he changed his last name to Alexander. After Berkeley, he became an Assistant Professor of Economics at Northwestern University, but stayed for only 2 years. He then moved to Santa Barbara where he would remain for the rest of his life.

He had accepted a position in the emerging Department of Economics at UCSB, and became a major figure in its early development. Alec arrived at UCSB in 1960 and became Chair five years later, in 1965. From there, he moved progressively to Dean of the College of Letters and Science, Vice Chancellor of Academic Affairs, and Acting Chancellor. His leadership was extended from the Department to the College and then to the entire campus. He became a formative figure. So strong were his ties to UCSB that he declined an attractive offer to become Chancellor elsewhere. Alec’s life was in Santa Barbara, and he could not see leaving it. The campus and community could not have received a stronger statement of his allegiance.

After years of university administration, Alec returned to the Department in the late 1970s. He had been away from economics for some time and needed to reinvent himself. The Department did not have a specialty in managerial economics, and Alec decided to create one. He studied the literature, and developed both graduate and undergraduate courses in that area, which were always very popular. He greatly improved our programs in business economics in the process.

Alec was a strong and imposing figure, but he was also a warm and supportive friend. Those who knew him were greatly rewarded by his presence.

Earlier this year, Alec’s widow, Eleanore, established the Alec P. Alexander Endowed Fund for Economics within the Department of Economics to honor Alec and his contributions to UC Santa Barbara. The Fund will be used to advance the stature of the Department. Initially, money from the endowment will be allocated to provide funding to bring a distinguished visiting scholar to campus.

Those alumni, colleagues and friends who wish to further honor Alec and support the Department may contribute to the endowment. If you wish to do so, please contact Joan Giovannone in the Department of Economics at (805) 893-3569 / joan@econ.ucsb.edu or Ann Hagan, Director of Development at (805) 893-2774 / ann.hagan@ia.ucsb.edu.
Do College Students Study Anymore?

By Philip Babcock

According to influential theories by economist Jacob Mincer, people spend time getting an education because it raises their productivity and future earning power. Today, the increased wage associated with a year of a college is higher than it has ever been before. Are undergraduates putting more time into their studies than they did a generation ago, shifting away from leisure activities and into academic effort that will earn them an increasingly more valuable degree? Recent research by UCSB economist Philip Babcock (co-authored with economist Mindy Marx of UC Riverside) indicates that the answer is a resounding “No.”

Combing through 12 time-use data-sets covering more than half a century, the authors find that in 1961 and earlier, the average full-time student at a 4-year college in the U.S. studied about 24 hours per week, while his modern counterpart puts in only 14 hours a week—a whopping 10-hour decline. The decline was not driven by changes in the college-going population or the types of schools they attended: Study times fell for students from all demographic subgroups, overall and within every major, for students who worked and those who did not, and at 4-year colleges of every size, type, degree structure and level of selectivity.

The authors examine many potential explanations for the study-time decline. One theory is that the population has become wealthier over time, and that this “wealth effect” has caused students to demand more free time or leisure. But the data show that students are spending more time working for pay while in college than they did before, which doesn’t fit well with the story of a wealthier student population that demands more free time. Another theory is that the opposite has occurred: In response to a perceived increase in the cost of college, students could be working more and studying less. But students are studying less even when work choices are held constant. The evidence indicates not only that college students are studying less than they used to, but that the vast majority of the time they once devoted to studying is now being allocated toward leisure activities, rather than paid work. Wealth effects don’t seem to explain the trend.

Some argue that information technologies have simply reduced the time required for study tasks. Term papers have become less time-consuming to write with the advent of word processors, and the search for texts in libraries has become faster with help from the internet. The authors acknowledge these factors, but doubt that they tell the whole story. A major reason for their skepticism is that most of the study time decline took place prior to 1981, well before the relevant technological advances could possibly have been a factor.

Other theories focus on institutional incentives. Murray Sperber emphasizes a change in faculty incentives: “A non-aggression pact exists between many faculty members and students: Because the former believe that they must spend most of their time doing research and the latter often prefer to pass their time having fun, a mutual non-aggression pact occurs with each side agreeing not to impinge on the other.” Consistent with this explanation, Babcock’s recent research suggests that student evaluations of instructors have created perverse incentives: “Easier” instructors receive higher student evaluations, and a given instructor in a given course receives higher ratings during terms when he or she requires less or grades more leniently.

On the plus side, the authors note that declining time requirements make college more affordable. Because less time per week is required to earn a degree, college attendance now requires a much smaller sacrifice in terms of lost wages. The authors show that for most people (those who choose public institutions) college is actually cheaper now than it was in 1961. The savings in time cost more than compensate for rising tuition.

Though it may be good news that college is cheaper than most people think, the authors emphasize that the reduction may have come at a steep cost. If one believes that academic effort is an important input to the production of human capital, then plummeting academic effort signifies that the workforce is less competitive and less productive than it otherwise would have been. Evidence indicates that increases in the human capital of the workforce accounted for most of economic growth in the U.S. over the 20th century.

Though the ultimate cause of the study time decline remains uncertain, issues raised by these empirical findings have helped to ignite a policy debate in the media and on campuses across the country.
Students Excel – News from the Ph.D. Program

Each year the Department of Economics is able to recruit a wonderful group of new doctoral students; this year was no exception. Financial support for the 2011-12 academic year in the form of Fellowships and special awards were awarded to the following:

ANDRON FELLOWSHIPS

In 1978, Mortimer Andron, UCSB Professor Emeritus of Economics, made a key gift that has, over the years, allowed the department to provide fellowship support for over 100 doctoral students. This year the following students are recipients of a Mortimer Andron fellowship:

Irving Fernandez (UC Riverside)
Christopher Severen (University of Texas, Austin)
Brianna Sheets (Boston University)
Corey White (Cornell University)
Teng Wang (University of Arkansas, Little Rock)

In addition the following students were awarded department fellowships and Graduate Division central fellowships:

DEPARTMENTAL FELLOWSHIPS
Daniel Arnold (Cornell University)
Brianna Sheets (Boston University)
Corey White (Cornell University)
Teng Wang (University of Arkansas, Little Rock)

GRADUATE DIVISION CENTRAL FELLOWSHIPS
Irving Fernandez – Doctoral Scholars Fellowships
Christopher Severen – Regents Fellowship

The departmental TEACHING ASSISTANT AWARD is given every year to outstanding graduate students who show great dedication, knowledge, and excellence in the performance of their duties. For this last year five awards were given. The Teaching Assistant of the Year (2010-2011) was a tie between two outstanding doctoral students, JULIAN NEIRA and TOM ZIMMERFAUST. Teaching Assistant of the Quarter was awarded to JENNIFER MILOSCH (Fall 2010), KEVIN WELDING (Winter 2011), and KEVIN SCHNEPEL (Spring 2011).

Congratulations to the Class of 2011

722 undergraduate degrees were awarded throughout the 2009/2010 academic year:

- 306 – Business Economics degrees
- 330 – Business Economics w/ an Accounting emphasis degrees
- 25 – Economics degrees
- 15 – Economics and Math degrees
- 46 – Economics and Accounting degrees

38% of our undergraduates had job placement upon graduation. Of that 38%:

- 62% entered the Finance/Banking/Accounting Field
- 10% entered the Sales/Marketing/Advertising Field
- 7% entered the Business Management Field

47 master’s degrees were awarded throughout the 2009/2010 academic year:

- 25 – Economics master’s degrees
- 22 – Business Economics master’s degrees

8 doctorate degrees were awarded throughout the 2010/11 academic year.

Stay in touch with the ECONOMICS DEPARTMENT!

Like us on FACEBOOK: UCSB’s Department of Economics
Join our alumni group on LINKEDIN: UC Santa Barbara Economics Alumni

Congratulations to our recent Ph.D. graduates!
ANNUAL UNDERGRADUATE AWARDS CEREMONY

The department recognized the following undergraduate students at an awards ceremony on June 10, 2011

Robinsons-May Award
Sarah Richman

Kevin Patrick Moran Memorial Scholarship
Jordan Wolfe

Dean Ramstad Scholarship
Joseph Trujillo

Sean S. Weld Memorial Scholarship
Natalie Lemonnier

Lance P. Abbott Award
Leslie Wright

Jenkins-Stark Scholarship
Alexei Mlodinow

John O. Lewis Memorial Award
Jonas Krant

David Corlett Memorial Award
Jack Middlebrook

Craig M. Bumatay Scholarship
Steven Casey Sullivan

Faculty Achievement Award
Ryan Andrews

Distinction in the Major
Ryan Andrews
Alex Brown
Tsz Cheung
Niv Dror
Nicholas Elliot
Sarah Richman
Leonard Shonka

Outstanding Scholastic Achievement Awards

Economics
Miguel Arribas
Vardan Genanyan
Thomas Keating

Business Economics and Accounting
Niv Dror
Wendy Lieu
Edward Miller
Hayley Ryan
Giovanni Scalzo
Becca Smedley

Economics and Accounting
Ryan Andrews
Jacob Goena
Allison Liem
Christopher Michaels
Andreas Nitsche
Sheng Xi

Business Economics
Nicha Cygnel
Brittany Middleton
Russell Pyne
James Walker
Bryan Zavestoski

Peer Awards
Jennifer Charca
Alexander Graniere
Vicki Huang
Nicole Kab
Melanie Strate
Marissa Wilbur

John & Gail Weld pose with the recipient of the 2011 Sean S. Weld Memorial Scholarship, Natalie Lemonnier

Members of the Economics department pose with commencement speaker, Professor Jon Sonstelie (middle) and Dean Melvin Oliver (far right)
Success! Wilcox Challenge Completed!

Thanks to the generosity of Economics alumni, faculty and friends we are proud to report that we have met the Wilcox Challenge! As reported in Econ News Spring 2010 the Wilcox Challenge was established by Drs. Sue (’70) and Gary Wilcox (’69) with a challenge gift of $50,000 to assist in creating the Walter J. Mead Research Assistant Endowment. This summer we completed raising the $50,000 match and fully funded the endowment. The Research Assistant Endowment will provide graduate student funding and support for the Walter J. Mead Chair Holder, and greatly helps to enrich the Department’s scholarly endeavors. Thank you to all who supported this initiative and the future Mead Chair graduate research assistants! And a very special thank you to Sue and Gary Wilcox for their vision and generosity.

Meet the Firms

The UCSB Accounting Association hosted its annual Meet the Firms on October 7th. Meet the Firms is the largest recruiting event for our accounting students. More than 400 current students networked with representatives from over 30 firms and companies. The firms ranged from large international and national firms to local Santa Barbara firms and companies. Students interacted with firm representatives and learned more about leadership development programs, internships and full-time employment opportunities within each firm. It was so great to see so many alumni representatives from each firm.

UCSB has been designated as a key school or premier school by all of the Big 4 accounting firms. This allows our graduates who take employment with the Big 4 the opportunity to start in any of the major offices throughout the United States. Our students have definitely benefitted from this designation, and we look forward to seeing even more alumni at next year’s event.

Thank You Alumni!

As part of the Career Connection’s inaugural year, the department asked for help from our alumni to reach out to our current student. Throughout the year, alumni responded to surveys, participated in informational interviews, and traveled to campus to speak to a group of current students. The students found all of your experiences extremely valuable and we hope that we can once again ask for your assistance this year. If you are interested in either participating in informational interviews or speaking to a group of students please contact Courtney Jerge at careers@econ.ucsb.edu.

A special thanks goes to the following alumni who took time out of their schedule to spent time speak to a class of students:

ROLAND LEWIN, Economics Teacher, Dos Pueblos High School
KARL HEINS, Chief Information Security Officer, UCSB
TYLER GLENN, President, Tyler Glenn Company
BILL THORMALEN, Managing Director and Principal, SARES•REGIS
SCOTT DRAPER, Managing Director, Head of Institutional Distribution Nuveen Investments
JONATHAN F. ATZEN, Partner, Sheppard Mullin Richter and Hampton LLP
JEFF HENLEY, Chief Financial Officer, Oracle
MICHAEL KAZMER, Senior Vice President, Merrill Lynch

If you don’t already know, the Career Connection was established last year to provide a bridge between the academic curriculum our undergraduate students pursue and their post-UCSB careers. We maintain an online blog for current students (http://ucsbecon.com/), where we are posting events and job opportunities for current and former students. If you have a job or an event that you would like to advertise to our students, please email the details to Courtney Jerge (careers@econ.ucsb.edu).
You Can Be a Part of Futures Filled with Hope and Promise!

Donations to the Economics Department Support These Activities:

**GRADUATE STUDENT SUPPORT**
including entry-level scholarships designed to attract the most promising students to our campus, and support for continuing students writing dissertations.

**PROMOTING EXCELLENCE IN UNDERGRADUATE EDUCATION**
by funding awards to top-performing undergraduate students, and creating innovative and challenging undergraduate courses.

**SUPPORTING VISITING SCHOLARS**
Donations support the visits of top-flight speakers and teachers from around the world to UCSB, enriching the intellectual lives of both students and faculty.

**RESEARCH SUPPORT**
Donations to the department provide crucial seed money for new research projects that can eventually yield major institutional grants and benefits to society.

**INFRASTRUCTURE**
Keeping the department’s instructional space in North Hall up-to-date and attractive is a constant challenge given our huge enrollments and rapid advances in instructional technology. Donor funds play an important role here as well.

For more information on giving opportunities to UCSB Economics, please visit http://econ.ucsb.edu/about_us/giving.html.

To make a contribution to the Department of Economics, mail this form and your tax-deductible donation to the address below.

**ECONOMICS DEPARTMENT**
North Hall 2127, Mail Code 9210
University of California
Santa Barbara, CA 93106-9210

**ANY QUESTIONS ABOUT MAKING A DONATION CAN BE DIRECTED TO:**
Joan Giovannone (805) 893-3569 or joan@econ.ucsb.edu
Ann L. Hagan (805) 893-2772 or ann.hagan@ia.ucsb.edu

<table>
<thead>
<tr>
<th>Name</th>
<th>Occupation/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home Address</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Email</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home Phone</th>
<th>Business Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Please make your check payable to UC Regents*