



# 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 19th 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 the University of Mary Washington and Elon University. 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 nearly two decades ago with the goal of developing a forum to deepen 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, receiving submissions from all over the world. Although faculty mentor has played a significant role in the development of the *IPE*, student reviewers and editors referee all papers.

We would like to thank Steve DeLoach and Tina Das from Elon University and 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.

Along with the publication of the journal, authors are encouraged to present every year at the Eastern Economics Association Conference. This year's conference was held in Philadelphia, and consisted of many sessions, each with its own economic theme. These sessions and presentations provided a great opportunity to see quality economic research in various fields.

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

Andrew Godburn  
2010 Editor

# FOREWORD

The nineteenth volume of *Issues in Political Economy* contains six papers. These papers offer a wide variety of topics and range from international to interstate issues. Each paper offers thorough and in-depth economic analysis using a variety of different techniques.

In the first paper, Kevin Garlan from College of Mount Saint Vincent evaluates financial transfers from people living in new economies back to where they formerly resided. After developing and explaining a theoretical model for these payments, the author runs a regression analysis for both Mexico and India. The paper concludes that the GDP, population and exchange rates are all significant variables, while remittance payments do vary between nations.

Next, Travis Owens and Martin Sarov of St. Laurence University explore various aspects of E-commerce. Using a range of demographic variables, Owens and Sarov create a model to determine both the frequency of internet shopping and consumer attitudes. A large number of numerical and dummy variables in the study create a very convincing model. Sarov and Owens end the paper by asserting that, among other factors, race and gender play a large role in internet shopping. The paper also makes policy suggestions to even the use of the internet for shopping.

In our third paper, Jordan Rhodes from Trinity College discusses some aspects concerning the Euro area. He analyzes the economic implications of currency decisions for nations in the area using a Generalized Purchasing Power Parity methodology. Rhodes evaluates exchange rates and is able to draw conclusions about whether or not accession countries would benefit from euro admission.

In an interesting and relevant study, Travis Cassidy of Georgetown University investigates the relationship between foreign aid and terrorism. Using econometric models, the author shows some different effects of foreign aid, and ultimately looks for an impact on terrorism. He concludes that due to increased education, mainly in secondary schools. The paper also shows that U.S. foreign aid does more to create education than foreign aid in general.

Switching gears from an international to national level, Inés Quintana from West Chester University studies the effects of smoking bans on gaming revenues. Using data from Delaware and New Jersey, Quintana shows that smoking bans create higher revenues for gaming facilities. The paper does an excellent job with a regression accounting for seasonal volatility and inflation. Quintana shows a substitution effect concerning gaming and smoking, and describes the various viewpoints on future policy suggestions.

Lastly, Hal Martin from Elon University explores the issue of patents and property rights adding an intriguing spin. He looks specifically at optimal levels of protection for intellectual property rights. The author develops a model to show actual enforcement of IPRs, and shows that more emphasis should be put on studying true enforcement rather than statutory.

We are fortunate to have such a talented set of writers this year. The scope of topics covered as well as the depth in which each topic is explored demonstrates the quality of studies that IPE is

proud to maintain. We hope that this edition inspires submissions for next year, promotes future research and gives valuable and significant insight into each topic.

Andrew Godburn