

# *The ECO Terminal*

A Newsletter Relating to the Elimination of Economics Programs

## Did the **INSIDE HIGHER ED** Article Work?

CoB economists George Carter and Mark Klinedinst were interviewed by **INSIDE HIGHER ED**'s Jack Stripling for Stripling's [14-August-09 article](#) entitled "Cruel Irony." Many followers of developments in USM's CoB saw the interview as an attempt by the two to disparage CoB dean Lance Nail and the USM administration for deciding to eliminate the CoB's economics major and 9 tenured/tenure-track economists. Did that effort work? No, at least as not as indicated by some of the early comments to that online news article. These are inserted below:

- Inconvenient facts
- Posted by Carlos , Distinguished Professor at MooU on August 14, 2009 at 7:45am EDT
- 1. There are "economists" (no one agrees) and there are "business economists" (someone is accountable -- yes, that awful, terrible word).

<http://www.nabe.com/>

2. "Economics" departments have split with "business colleges."

3. A review of teaching sites of "economics" and "finance" show similarities.

Life will go on.

- Good decision, but ...
- Posted by wintercow20 on August 14, 2009 at 7:45am EDT
- If the department is as unproductive as the article claims, then this is a good decision. But would USM or any other school for that matter have the fortitude to shut down the Department of Cherokee Poetry Studies for the same reason?
  - Good for them
  - Posted by bevo on August 14, 2009 at 9:30am EDT
  - USM should be applauded for their decision. Has there been a discipline whose theories and measurement have been more calcified? If you cannot take the first derivative, then you cannot model it. Consumers and markets behave rationally. Firms produce to their marginal cost. And the list goes on.

Remember, Marshall was not a Marshallian economist.

- No Big Deal
- Posted by Superdude on August 14, 2009 at 2:30pm EDT
- Economists are nothing but Political Scientists and Sociologists (and maybe Psychologists) dressed up in suits and ties. Dissolve the Econ dept, farm the faculty out the relevant disciplines. You'll save money AND improve the scholarship of your economists!

- Get all the facts
- Posted by Social Scientist , Professor at USM on August 15, 2009 at 9:45am EDT
- I am a USM faculty member from a different area and thought I could bring some perspective to this situation. Our International Development program in the College of Arts and Letters voted to create its own department and expand our Economics focus to the program and degree. The dean approached the dean of Business about this and the Business dean agreed to transfer the BA degree program to Arts and Letters and also agreed to transfer up to five of the faculty with their salaries to A&L. The five that we wanted for IDV unanimously rejected the offer stating that they were business economists and not liberal arts faculty. We already have Economics faculty in our college and there are others in Economic Development in another college. There will still be Economics faculty here at USM, but not in the College of Business. And the IDV and Economic Development degree programs are not affected by these cuts. So please do not believe that there will not be economists left at USM - there will just be none in the College of Business. If more research had gone into the story then all of this would have been reported. The letter posted in this story also contains inaccuracies that apparently were not checked. Journalism is also in the College of Arts and Letters - I can see about getting the reporter a refresher course.

What the article did was put Carter and Klinedinst onto the forefront of the battle. Only time will tell if their colleagues, like Akbar Marvasti and Daniel Monchuk, will join them in the public arena to discuss the issues and/or criticize the USM administration. In the meantime, the final comment above, which appears to have come from the CoAL's international development program, releases some facts that will be difficult for Carter and Klinedinst to combat. Whether they do so effectively, which may not be possible, remains to be seen.

## What ECOers are Saying about Lance Nail and Others

A number of USMNEWS.net readers have contacted USMNEWS.net about comments that the CoB's economists are believed to be making about CoB dean Lance Nail and others in USM's administration. A number of these are appearing at the website *Economics Job Market Rumors*. Several of those are inserted below, with a particularly biting comment about Nail highlighted.

### 1. Anonymous

Unregistered

Wish it were so, but no, they are cutting econ out of the entire University. I'm sure there's a lesson to be learned, though I'm not quite sure what it is. Now, there's bad management at a lot of places, but all I can say, guys, don't repeat my mistake: stay the heck out of Mississippi.

### 11. Anonymous

Unregistered

Thanks for the good wishes. The low number of pure econ graduates was indeed econ's Achilles heel, although they graduate about 100 IB majors every year (economics under a different name because combined with a language requirement).

Of course, this does not include their contribution to the other business departments, teaching the core requirement classes, i.e., principles of micro and macro.

The other lesson for y'all: don't hire a Dean with a background in quantitative finance. They have a natural aversion against "cocky" economists, who can't help but ridicule their shoddy econometrics at departmental seminars.

That Dean will eventually have to hire new economists to teach the core classes, essentially replacing tenured faculty with docile and pliable tenure-track faculty. Protection against such abuse is precisely what tenure is all about. That shouldn't go over too well with the AAUP.

## 21. Anonymous

Unregistered

"The number of majors is immaterial -- I am at a place where we graduate very few majors, but given the number of "service" courses we provide in the business major, eliminating us is unthinkable. To the poster from USM - so how will the USM business undergrads get their econ principles courses. How is all this playing out in terms of accreditation?"

It's indeed a question of metric. Dean and Provost keep mentioning the low number of pure econ grads, economists and now the senate use a different measure:

In the Fall of 2008,

Number of full-time faculty at USM was 743.

Number of full-time faculty in the USM College of Business was 74.

Number of full-time economics faculty in CoB was 11.

Source: USM Institutional Research, USM 2008-2009 Fact Book,

[http://www.usm.edu/ir/pdfs/fact\\_books/2008\\_09/21\\_faculty\\_staff\\_08.pdf](http://www.usm.edu/ir/pdfs/fact_books/2008_09/21_faculty_staff_08.pdf)

Number of SCH generated by USM full-time faculty was 131,544.5.

Number of SCH generated by the USM College of Business full-time faculty was 20,312.

Number of SCH generated by the USM CoB full-time Economics faculty was 3,750.

Source: USM Institutional Research, Faculty and Staff Reports, Faculty

Work Load, Fall 2008,

[http://www.usm.edu/ir/pdfs/faculty\\_staff/LOAD\\_STUDY\\_4091.pdf](http://www.usm.edu/ir/pdfs/faculty_staff/LOAD_STUDY_4091.pdf)

Thus,

USM generated  $131,544.5/743 = 177$  SCH/FTE

College of Business-wide SCH/FTE was  $20,312/74 = 274$  SCH/FTE.

The economics faculty generated  $3,750/11 = 341$  SCH/FTE.

Note also that the non-econ CoB actually only generated

$(20,312 - 3,750)/(74 - 11) = 263$  SCH/FTE, making econ about 30% more productive than their CoB colleagues.

Bottom line, econ may not be a sacred cow, but it sure is a cash cow. Thus to argue that cutting econ would save money goes beyond stupidity.

I'm not sufficiently informed on the issue of re-accreditation, but it's certainly a good question to ask.

## 21. Anonymous

Unregistered

"Perhaps a lesson also to those who think it is better to be in a B school than outside it (because allegedly higher salaries, though of course, market has something to do with that). In a b school why should an undergrad be an econ major when either with the same work be acct or fin or with much less work anything else? Outside of B school they all want to be econ majors because they couldnt get into the B school. We switched out of the B school and there was an order of magnitude increase in majors."

This is an excellent comment that I will be sure to forward to my econ colleagues. Should we survive and manage to stop the blood bath, we should move out of the business school. There has been resistance to moving out because the case can be made that you actually earn more (and get more travel support) by being the lowest paid faculty in the B-school than the highest paid in Arts and Letters. But the culture gap between monks and merchants has been a real problem.

A number of other comments have appeared over at the *USM Forum – Message Board* (see below). The most biting comments are, again, highlighted.

Alias\_Rick\_Nip

Posts: 2

Date: 11h, 53m ago

Reply Quote

Whether or not an econ department should be in a business college or a liberal arts college is a fair question and probably one that would be deserving of further discussion. However, for any any university

<p>Damned demand</p> <p>Posts: 1</p> <p>Date: 10h, 52m ago</p>	<p>administrator to suggest cutting an econ department altogether makes no sense whatsoever. I'm not sure if the administrators think they are Kings and, fat with arrogance, can do as they please without following due process ... or if they are just plain stupid.</p> <hr/> <div> <div></div> <div>Reply Quote</div> </div> <p>If economics is somehow reconstituted in COAL, is there a way to prevent COB instructors from teaching those courses? If Economics isn't central to the mission of the COB, then they should have to give up the SCHs associated with teaching econ courses. I just think the Nail and the COB should have to pay some price associated with this move.</p>
<p>Art Vandelay</p> <p>Posts: 7</p> <p>Date: 7h, 17m ago</p>	<div> <div></div> <div>Reply Quote</div> </div> <p>Damned demand wrote: "If Economics isn't central to the mission of the COB, then they should have to give up the SCHs associated with teaching econ courses. I just think the Nail and the COB should have to pay some price associated with this move."</p> <p>I absolutely agree. As shown in an earlier post, econ is a cash cow. For a quick back-of-the-envelope calculation, students pay about \$200 per credit hour (somebody please correct me if this is inaccurate). 3,750 credit hours in the fall of 2008, so about 7,500 for fall and spring (not including summer) yields \$1,500,000 in revenue. APG estimate of projected savings by cutting econ is \$924,532. Ergo, USM would lose about \$575,000 in profit. CoAL should jump on the opportunity.</p> <p>Also, on the econjobrumors.com thread, somebody pointed out the following:</p> <p>"Perhaps a lesson also to those who think it is better to be in a B school than outside it (because allegedly higher salaries, though of course, market has something to do with that). In a b school why should an undergrad be an econ major when either with the same work be acct or fin or with much less work anything else? Outside of B school they all want to be econ majors because they couldnt get into the B school. We switched out of the B school and there was an order of magnitude increase in majors."</p> <p>In other words, the econ major can thrive in the CoAL, but not in the CoB.</p>

Sources tell USMNEWS.net that comments like these are likely to proliferate in the coming weeks and months. Stay tuned.

## Why not Conference USA?

George Carter's letter comparing the location of economics at USM to its location in the 12 Southeastern Conference schools was puzzling to a number of reporters and readers. Carter referred to the SEC schools as "peer" institutions, a designation that many found humorous. Readers tell USMNEWS.net that, if Carter were going to make a comparison to an athletics affiliation/group, it should have instead been [Conference USA](#), which includes USM. CUSA, like the SEC, has 12 member schools. These are listed below in Table 1, along with the location of each school's economics department.

Table 1: Location of ECO in Conference-USA

Institution	Location of Economics
East Carolina University	<a href="#">Thomas Harriot College of Arts &amp; Sciences</a>
Marshall University	appears to be joint program
Rice University	<a href="#">School of Social Sciences</a>
Southern Methodist University	<a href="#">Dedmon College of Arts &amp; Sciences</a>
Tulane University	<a href="#">School of Liberal Arts</a>
University of Alabama – Birmingham	<a href="#">School of Business</a>
University of Central Florida	<a href="#">College of Business Administration</a>
University of Houston	<a href="#">College of Liberal Arts &amp; Social Sciences</a>
University of Memphis	<a href="#">Fogelman College of Business &amp; Economics</a>
University of Southern Mississippi	<a href="#">College of Business</a>
University of Texas – El Paso	<a href="#">College of Business</a>
University of Tulsa	<a href="#">Henry Kendall College of Arts and Sciences</a>

As Table 1 above indicates, 6 of the 12 CUSA institutions house economics in the social sciences area. Only five house economics in business, while one has carved out a joint location in business and social sciences. Thus, the breakdown is 6.5 to 5.5, in favor of social sciences/liberal arts. This comparison supports Nail's statement that most AACSB institutions house economics outside of business.

## Why not USM's 2009 Football Schedule?

George Carter's letter comparing the location of economics at USM to its location in the 12 Southeastern Conference schools was puzzling to a number of reporters and readers. Carter referred to the SEC schools as "peer" institutions, a designation that many found humorous. Readers tell USMNEWS.net that, if Carter were going to make a comparison to an athletics affiliation/group, he should have instead used USM's 2009 football schedule. That schedule has 12 opponents. These are listed below in Table 2, along with the location of each school's economics department.

Table 2: Location of ECO at Institutions on USM's 2009 Football Schedule

Institution	Location of Economics
Alcorn State University	<a href="#">School of Arts &amp; Sciences</a>

University of Central Florida	<a href="#">College of Business Administration</a>
University of Virginia	<a href="#">College of Arts &amp; Sciences</a>
University of Kansas	<a href="#">College of Liberal Arts &amp; Sciences</a>
University of Alabama – Birmingham	<a href="#">School of Business</a>
University of Louisville	<a href="#">College of Business</a>
University of Memphis	<a href="#">Fogelman College of Business &amp; Economics</a>
Tulane University	<a href="#">School of Liberal Arts</a>
University of Houston	<a href="#">College of Liberal Arts &amp; Social Sciences</a>
Marshall University	appears to be joint program
University of Tulsa	<a href="#">Henry Kendall College of Arts and Sciences</a>
East Carolina University	<a href="#">Thomas Harriot College of Arts &amp; Sciences</a>

As Table 2 above indicates, 7 of the 12 institutions on USM's 2009 football schedule house economics in the social sciences area. Only four house economics in business, while one has carved out a joint location in business and social sciences. Thus, the breakdown is 7.5 to 4.5, in favor of social sciences/liberal arts. This comparison supports Nail's statement that most AACSB institutions house economics outside of business.