

**COMMENTARY****Economics: That's life**

Alfred Tella, SPECIAL TO THE WASHINGTON TIMES

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Take a look at some of the papers delivered at the annual meeting of the American Economics Association (AEA) held in Chicago earlier this month in conjunction with other social science groups.

Of the hundreds of research papers presented, many were of the usual war-horse variety, albeit on important topics, such as income, employment, productivity, output, inflation, international trade and immigration. Yet others reported on research that illuminated less traditional contemporary issues. A few attention-grabbers summarized:

(1) A paper by Alan B. Krueger of Princeton University and the National Bureau of Economic Research (NBER), "The National Origins of Foreign Fighters in Iraq," analyzed the factors associated with foreigners joining the terrorists and insurgents in the Iraq war. The study used U.S. military data on foreign nationals from 27 countries who were captured in Iraq in 2005. Mr. Krueger's model estimated the relative importance of origin countries' population size, distance, output per capita, percent of the population that is Muslim, U.S. foreign aid received, infant mortality (as an indicator of living conditions), level of civil liberties, literacy rate, whether the country was a member of the multinational coalition in Iraq, and the number of U.S. military troops stationed in the country.

The main findings of the study were "that countries with a large Muslim population, close proximity to Baghdad, low level of civil liberties or political rights, and low infant mortality rates are likely to have more of their citizens join the Iraqi insurgency. A country's literacy rate, GDP per capita, and membership in the multinational coalition were unrelated to the number of foreign fighters in Iraq." U.S. foreign aid was also found to have an insignificant effect. Mr. Krueger's model accurately predicted the number of captured insurgents from most foreign countries.

(2) Another arresting title was "Fast-Food Restaurant Advertising on Television and Its Influence on Childhood Obesity," by Shin-Yi Chou of Lehigh University and the NBER, Inas Rashad of Georgia State University, and Michael Grossman of the City University of New York and the NBER. The authors noted the upward trend in the percent of overweight children in the U.S. and their increased exposure to fast-food advertising on TV, adding that "the Bush administration has argued that no one has proven that advertising causes obesity and did not take action in regulating advertising directed at children, after the World Health Organization proposed that countries be urged to limit advertisements that encourage unhealthy diets, especially those directed at children."

The study drew on national longitudinal survey data that followed children over time and data on fast-food advertising from Competitive Media Reporting, a large tracking service. The authors' model zeros in on the impact of fast-food effects, controlling for other factors that influence caloric consumption. They found that a ban on TV fast-food advertising "would reduce the number of overweight children .. by 18 percent and would reduce the number of overweight adolescents .. by 14 percent." Males would benefit most. "The elimination of tax deductibility of this type of advertising would produce smaller declines of between 5 and 7 percent."

(3) Another interesting paper was the "Sensitivity of the U.S. Economy to Weather Variability," by Megan Harrod and Donald Waldman of the University of Colorado, Peter H. Larsen of the University of Alaska and Jeffrey K. Lazo of the National Center for Atmospheric Research. Using historical weather observations, the authors developed a model to estimate the sensitivity of different sectors of the economy and individual state economies to changes in temperature and precipitation.

The results showed that the service, trade and communications sectors were only slightly affected by changes in weather, whereas agriculture and mining were strongly impacted. The states whose economic output was most sensitive to weather variability were New York, Ohio, Alabama, Wyoming and California, though all states were affected to varying degrees. Nationally, annual output was estimated to vary by more than 3 percent due to changes in the weather.

(4) Did you ever wonder whether auction winners on eBay are overpaying because of shill bidding? Joseph Engelberg and Jared Williams of Northwestern University examined this question in their paper, "eBay's Proxy Bidding: A License to Shill."

eBay does a multibillion-dollar auction business annually, bigger than the economies of many countries. When auction bids are placed by a seller or a seller's accomplice to raise the price, that's called shilling, a fraud in violation of eBay's user agreement. The authors found evidence that it occurs and that it increases eBay profits.

The paper explained the strategy that enables shill bidders to raise auction prices without winning the auction and further demonstrated how eBay could reduce shill bidding, though that would hurt its profits.

The full text of these and other illuminating studies can be found on the AEA's web site. While you're there, another intriguing paper you might want to look at is "How to Organize Crime."

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