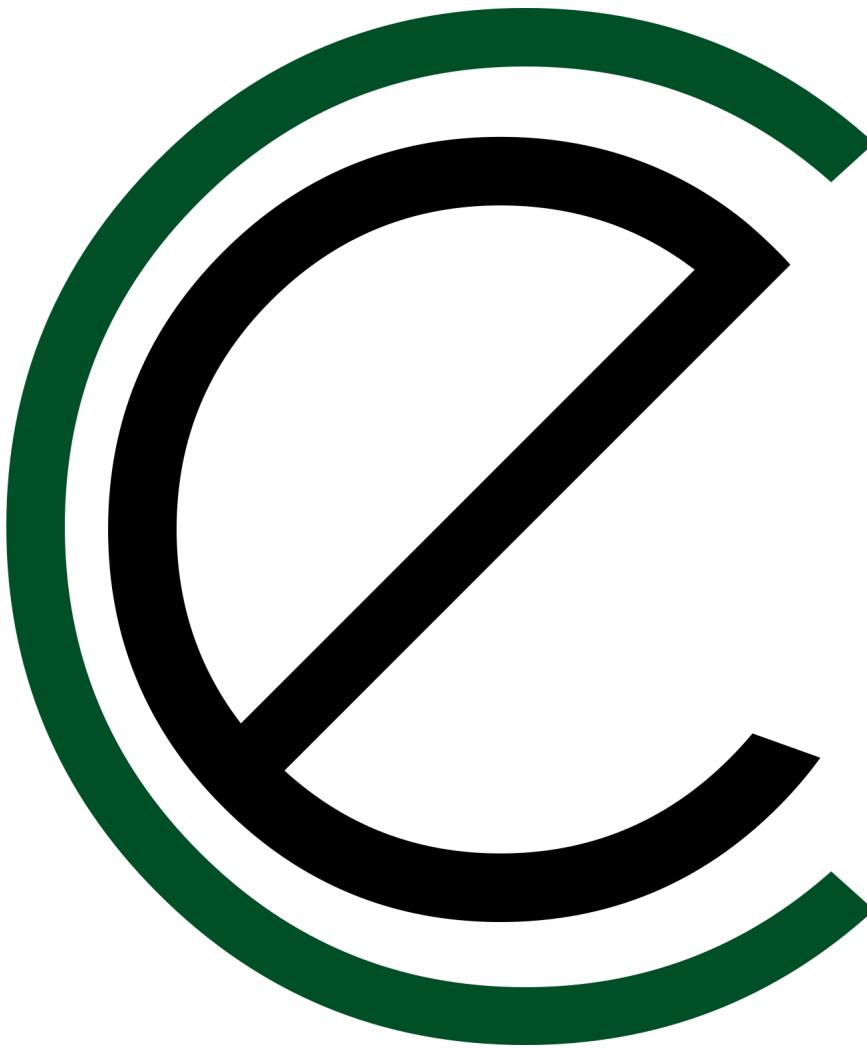
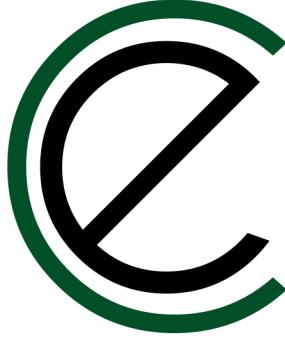


# UO Economics Club Review



## *What's inside:*

- To Seattle and Back. The UOEC visits the FED, Amazon.com, and Boeing.
- Winter Term 2015, a look back at the happenings of the UOEC.
- A Looming Currency War? A look at currencies by Ethan McCormac.
- Where Are They Now? A alumni profile on former club President Jeff Naber.



# PRESIDENTIAL ADDRESS

*A letter from the President.*

Hello UO Economics Club Members and Supporters,

I am proud to present to you the first edition of our club newsletter. We hope that with time we will make this newsletter a regular publication with wide student involvement. This newsletter is just one of many accomplishments for our busy club this year.

After more than a year of wrangling, we were finally granted ASUO recognition as a student group at the end of fall term. While this has little immediate and visible impact on the normal operations of the club, it offers us easier access to a number of school resources such as scheduling transportation and space for events. It also gives us the ability to make requests for funds to support special events.

The club has conducted two site visits this year. During fall term we visited Intel's Hillsboro campus and this term we traveled to Seattle to see the Federal Reserve, Boeing, and Amazon. Club members gave very positive feedback for both site visits. We hope that we can continue offering great opportunities like this in the future.

Please enjoy the contents of this newsletter and keep up your support of our club.

Thank you,

Ben Nussbaumer  
President | UO Economics Club

## Featured Stories.

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# Winter Term 2015

*A look back at what the UO Economics Club did this past term.*

Winter Term 2015 was a big one for the University of Oregon Economics Club! Here is a brief collection of highlights from this term!

- The UO Economics Club earned official club status from the Associated Students from the University of Oregon! This means the club is officially recognized provides many new opportunities from the club to grow!
- Club member and former Research Chairman, Jeremy Garbellano, was hired as an intern at Amazon.com in Seattle, Washington! He has been working there as a Financial Analyst Intern and helped facilitate the club's visit to Amazon.com headquarters.
- With Jeremy working in Seattle, he had to resign as the club's Research Chairman. The club held elections during the term to find his replacement. A club voted and chose Jinn Low to lead the club's research!
- The UOEC took a visit to Seattle, Washington! During the visit, the club took tours of the Seattle Branch of the Federal Reserve Bank of San Francisco Seattle Branch, the Amazon.com headquarters, and the Boeing Everett Factory. You can read about the club's trip later in the newsletter!



Member of the Term!

**Kimberly Teoh**

Kimberly organized the club's trip to Seattle and did an absolutely amazing job! She connected the club with the FED, Amazon.com, and Boeing!

# Trip to Seattle:

## The Federal Reserve, Amazon, and the Boeing Aviation Center.

*A write up by Jinn Low.*

**O**n Friday the 6<sup>th</sup> of March, the University of Oregon Economics Club paid informative visits to three locations in Seattle: the Seattle Branch of the Federal Reserve of San Francisco, Amazon headquarters and the Boeing Aviation Center.

Upon arrival of the Seattle Branch of the Federal Reserve of San Francisco, a noticeable characteristic was its layers of security. From the entry to the compound, to the main entrance, and then to the inner concrete-vaulted building where the cash was located, visitors had to go through detectors and recurring reminders of what to avoid. In the lobby, it was exciting to see a 10,000-dollar bill and the Federal Reserve Act of 1915 in the archive case along with other obsolete bills.

It was particularly insightful as the tour guide explained the Federal Reserve's responsibilities in policymaking and expounded on concepts that econ majors come across (bedtime loans, PCE inflation etc.). We later learned that the Seattle Branch engages in the physical transfer of cash to representatives of banks, instead of printing and planning as most visitors have thought. It was a surprise for some of us to learn that current chairperson of the Fed Janet Yellen served as chief executive officer of the Federal Reserve Bank of San Francisco.

The most fascinating part of the tour was getting to see the cash reserve, where cash is prepared and transferred to armed carriers from different commercial banks and where unfit and counterfeit bills are destroyed.

At Amazon's headquarters, we were greeted receptionists in Hawaiian shirts who explained that it was Aloha Friday and Nova, an employee's pet dog—a testament to the casualness in the company's



Article author and Research Chairman Jinn Low.

work environment. We had the opportunity to get firsthand take of Amazon's work culture by Econ Club alum Jeremy Garbellano, who is a Financial Analyst Intern at the company.

Jeremy and our appointed tour guide, Celeste, elaborated on some concepts exclusive to Amazon work culture like the "white paper culture" and the "2-pizza team". The "white paper culture" explains the 10 to 15 minutes analysts take reading hardcopies of reports in a conference room before collaborating to solve business problems, and the "2-pizza team" describes the ideal size of a team, which is the number of people it takes to finish 2 pizzas. >>>

## 5 Quick Facts!

1. The Seattle FED branch is apart of the San Francisco FED.
2. The largest denomination note issued for public use was the \$10,000 note.
3. The first book sold by Amazon.com was Fluid Concepts & Creative Analogies: Computer Models of the Fundamental Mechanisms of Thought.
4. Amazon.com owns online retailer Zappos.com.
5. Boeing Everett Factory is like its own city. The site includes it's own medical clinics, fire department, restaurants, and utilities facilities.



Club members outside of the Federal Reserve building in Renton, Washington.

The company's interior was contemporary and fun. On the third floor, the floor carpet was designed to look like turf and had holes for employees to put. There was a lot of natural light and a lot of the walls, including those in the elevators, were paneled with glass serving as a whiteboard. It gave the impression that ideas were always being produced and never wasted.

Our final destination was one that opened our eyes to the grandeur of the flight assembly process. The Boeing Aviation Center is the world's largest building by volume (472,000,000 cubic feet). It was remarkable getting to see the planes being assembled, and these were only the planes that were visible for the Center was so expansive and had high walls of machinery and cranes that it was hard to look past 50 yards from a certain vantage point. The tour ended with the showcase of the latest Boeing models, the Dreamliner.

It was a wholesome visit to the Seattle getting to understand the Fed's operations as economics majors and being exposed to leaders in the aviation and online retail industries. The trip was nothing short of exciting and exceeded expectations with much thanks to its organizer, Kimberly Teoh.

# The 1930s or 2015: A Looming Currency War?

*A submitted piece by Ethan McCormac.*

There are growing signs of a currency war in Europe with the Swedish central bank slashing the rate at which they buy back government bonds in order to increase the money supply, the repo rate, to -0.1 percent. This is typically done to influence both inflation and interest rates. By buying back government bonds, central banks can effectively inject cash into the financial markets and thus decrease interest rates. However, increasing the money supply will devalue the currency. A devalued currency makes one country's exports more competitive in international markets. This leads to an export boom and can push unemployment onto countries that have not devalued their currencies. The exporting of unemployment across borders stands in contrast with the robust recovery narrative that central banks have tried to depict.

Problems arise if policies that devalue currency are widely implemented globally. In the

*The exporting of unemployment across borders stands in contrast with the robust recovery narrative that central banks have tried to depict.*

1930s, Eastern European central banks and governments began to devalue their currencies with respect to the global gold standard to make their agricultural goods more competitive on international markets and shift the burden of unsold grains and unemployment to the next country. This practice spread across the Euro-

pean Continent to South America and the US, ultimately culminating in the Smoot-Hawley Tariff Act. The Act was designed to protect US farmers and manufacturers from international competition being propped up by devalued currencies. The decline in trade as other countries followed suit with similar tariff acts proved to be disastrous and exacerbated the effects of the Great Depression.

At present, any tariff acts legislated to protect domestic trade are unlikely in the presence of the World Trade Organization that oversees trade practices and tariff rates. However, there is no international agreement against currency devaluation.



The Federal Reserve's rate cuts and quantitative easing policies pursued after the financial crisis were aimed at the US domestic economy, but had the effect of devaluing the dollar on world currency exchanges. Japan, the original country to attempt QE in the early 2000s in response to deflation, instituted another set of large QE bond buying and the Eurozone has just begun its own QE program. With the Federal Reserve winding down their QE program, the monetary policy of Japan and the EU have helped contribute to an appreciating dollar. The Fed must now consider the effects a stronger dollar will have on exporters and multinationals. In addition to QE from the Japanese and the EU, rate cuts have taken place in Sweden, Canada (suffering low oil price woes), Denmark, Australia, Turkey, Singapore and India. It seems each central bank is currently looking to export unemployment on to its neighbors.

In the US, this represents only one aspect of the expected rate hike issue. The Fed is now stuck with a choice between hiking rates and causing exporters, multinationals and equities problems or keeping rates low and not having any ammunition for a possible downturn in the domestic economy. Not to mention, the continuing punishment of savers earning a measly 1 percent interest on their savings accounts from the historically unprecedented near zero interest rate policy of the Fed. Such a policy has no precedent and has the propensity to cause unidentified and unexpected consequences. Nevertheless, declining international market conditions coupled with a possible Greek Eurozone exit –just recently kicked down the road four months-- could cause the dollar to rise regardless of central bank interventionism. If it is a currency war the world is faced with, it seems the strong recovery narrative is beginning to suffer a breakdown.



## WHERE ARE THEY NOW?

*An interview with former club President Jeff Naber. Conducted by Ben Nussbaumer.*

### **What is your personal background? (Places you've lived, education, etc...)**

I was born in Nebraska, and lived there until 2007, when I moved to Oregon. I graduated from Portland Community College with an Oregon Associate's of Arts Transfer degree in spring 2012. Then I transferred to the U of O for that fall term, majoring in Econ and Applied Mathematics. Graduated with departmental honors in August 2014, and moved to DC in September.

### **What is your current job?**

I am a Research Assistant for the Board of Governors of the Federal Reserve System. Most of what I do is dealing with data. Cleaning it, presenting it in various graphs, and so on. I help with the weekly H.4.1 release, and with various internal memos and charts. I'm also in the early stages of working with one of my section's economists on a research paper about financial stability.

## **How did the UO prepare you for working at the Federal Reserve?**

The applied classes - 320, 421, 422, my honors thesis- gave me a lot of insight into how to take complex data and turn it into something that can be interpreted, and the theory classes gave me the foundation necessary to do that interpretation. I was also fortunate in that I took the advanced statistics sequence - Math 461, 462, and 463 - which gave me an introduction to the R statistical coding language, which is in heavy use at the Board.

## **Any advice do you have for an undergrad looking to do something similar?**

First, get to know your professors. To even apply for a job at the Board requires two formal letters of recommendation, at least one of which is from a faculty member, so if I hadn't spoken up in class, attended office hours, and met with professors during my work with UOEC, I would have been locked out of this opportunity. Most of the professors at UO also have pretty extensive contact lists. I honestly cannot think of a single person I know who didn't have some sort of networking involved in securing their job. Second, learn how to code. R, STATA, even VBA and excel skills, are such a fundamental part of the job that if you've got them, you are already a big leg up on everyone else vying for that position. Especially in the entry-level positions, you're going to be spending a lot of time buried in spreadsheets and bar plots.

## **What was the best part of the UOEC for you?**

Watching other students get involved. It was great to be able to help build a student organization and see the students really start to care about the group. Also seeing the connections between UOEC and the department start forming was very exciting. Seeing professors, who all had so much on their plates, give so much of the time and energy to the club was very exciting.

## **What do you miss most about the state of Oregon?**

I miss the temperate climate, the reasonable beer selection, and the reasonable rent.

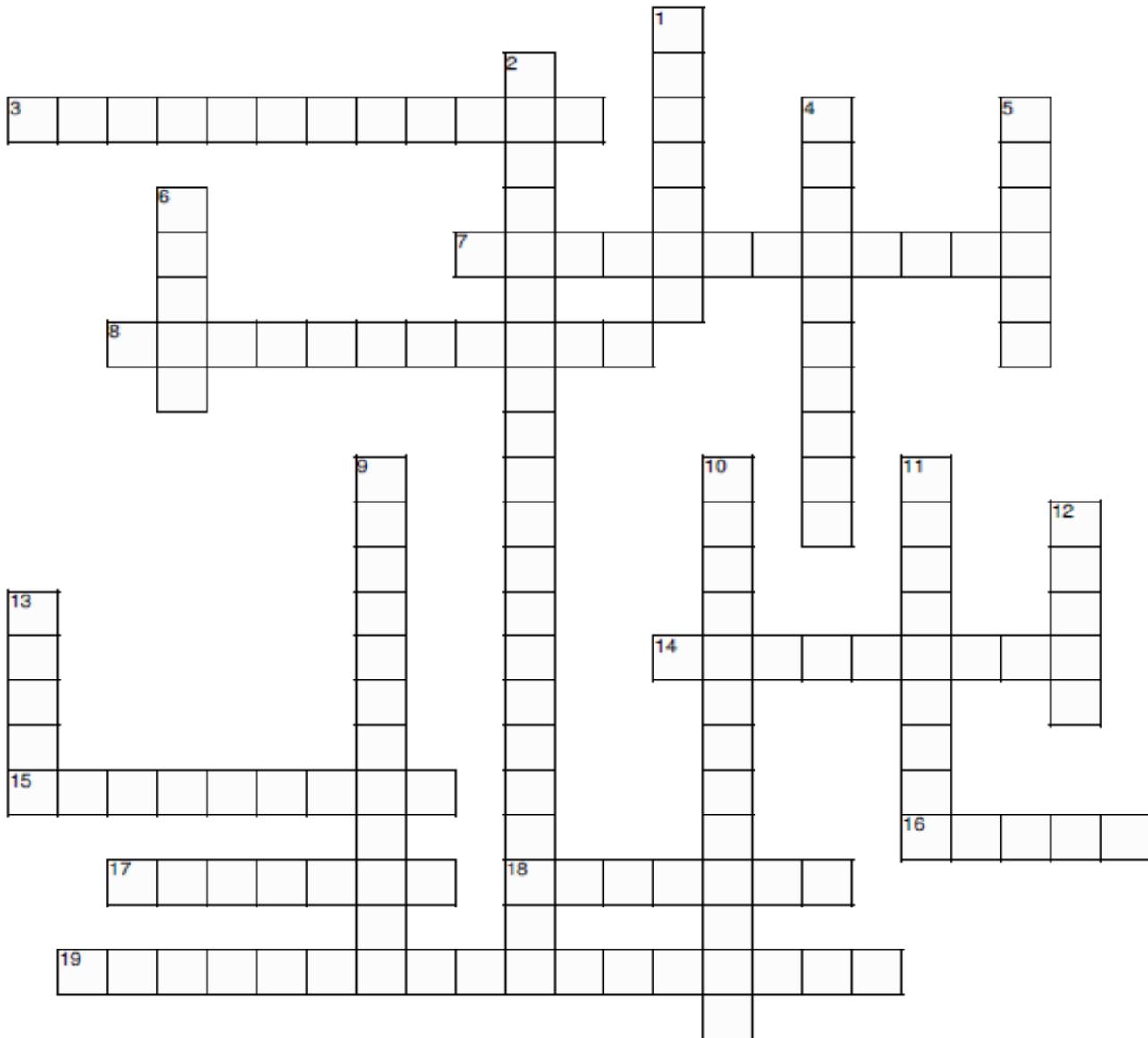
## **What do you miss the least?**

I do not miss being in Knight Library on a Friday night grinding out correlation coefficients, at all.

# Fun and Games!

A crossword by Anna Bezner.

Complete the crossword below



Created on [TheTeachersCorner.net](http://TheTeachersCorner.net) Crossword Maker

## Across

3. Dominating effect of when the price of good x increases, consumption of y rises
7. Chair of Board of Governors of the Federal Reserve
8. non-bank financial institution providing similar services of banks but do not accept deposits
14. Risk-free profit
15. Arnold Schwarzenegger has this degree from the University of Wisconsin
16. Free trade agreement between Mexico, Canada, and the US
17. Top frozen food consuming country
18. Self-sufficient country that does not take part in trade
19. Asymmetric information between buyer and seller

## Down

1. Economic measure of satisfaction
2. David Ricardo's theory about gains from trade with countries with different factor endowments
4. 2014 Country with largest GDP per capita
5. 'In the future we are all dead'
6. Number of US presidents without a college degree
9. Relationship between tax rates and government revenue
10. Opportunity cost of holding money
11. Relocation of corporation's legal domicile to a lower tax nation
12. Theorem relating current probability to prior probability
13. Record setting company for most profitable quarter ever



The University of Oregon Economics Club would like to thank all of those that make the club possible!

## *A Special thank you to:*

*Economics Department Head Van Kolpin*

*Professor Wesley Wilson*

*Professor Benjamin Hansen*

*Professor Brandon Julio*

*Professor Caroline Weber*

*Professor Joe Stone*

*Director of Career & Advising/Club Advisor Bill Sherman*

*Department Manager Teri Rowe*

*Undergraduate Coordinator Jaimee Crouse*

*Communications Coordinator Jodie Rodgers*

*Amazon.com University Recruiter Celeste Diaz*

*Club Member and Current Amazon.com Intern, Jeremy Garbellano*

*Federal Reserve, Seattle Branch Employee Steven Fisher*

