The School of Economics and Omicron Delta Epsilon, the international honor society for students of economics, held a reception on April 4 honoring Professor Emeritus William (Bill) Schaffer.

Bill came to Georgia Tech as a freshman in 1952. He graduated in 1956 with a BS degree in industrial management; after four years as a pilot in the U.S. Marine Corps, he went on to receive his Ph. D. in economics from Duke University in 1966. Returning to Tech as an assistant professor of economics in 1963, he has been an integral part of our Georgia Tech community ever since. Bill twice served as acting director of the Georgia Tech School of Economics (1990-97 and 1999-2000).

At the reception, students shared the impact Bill has had on their lives. John McLeod (BS Econ ‘89, MS Econ ‘91) said about Bill, “My story is like that of many others…without ever putting a firm hand on me, he was able to guide me along. And the next thing I knew, I had spent twelve years in the department, teaching and doing any number of other things… He profoundly influences my life, even to this day… in fact, last night at midnight, I was still working with him on a consulting project, on the impact of the arts in the U.S.”

Bill takes the time to get to know his students and is a caring mentor - ready to teach them, to laugh with them, to advise and guide them as their need may be. They often keep in touch with him long after they have graduated from Tech.

It comes as no surprise that Bill has received the Faculty of the Year Award from the GT Student Government Association. After enjoying nearly sixty years on campus, Bill Schaffer is indeed much loved and respected.

The School of Economics has established the William Schaffer Student Enrichment Fund to honor Bill. This fund will be used to support awards and programming that enrich the student experience in the School of Economics such as the William Schaffer Award for Excellence in Economics and guest lectures. For more information, please contact Dr. Juan McGruder, Director of Development at 404-894-1898 or by email at juan.mcgruder@iac.gatech.edu.

SCHOOL OF ECONOMICS
221 Bobby Dodd Way
Atlanta, GA 30332

Georgia's Tax Reform: Enhancing Competitiveness
Professor Christine Ries

Professor Christine Ries, a specialist in international finance, markets and organizations, and economics of the firm, is a member of the Special Council for Tax Reform and Fairness for Georgians.

The leadership of the Georgia State Assembly in May 2011 commissioned this group of eleven Georgians including four economists, Gov. Perdue, and distinguished representatives of small and large business communities, agriculture, accounting, and other industries to recommend reforms to the Georgia tax code. The group's mandate was to make recommendations that would promote a more efficient Georgia economy, increase the efficiency and competitiveness of companies already in Georgia, and make Georgia a more attractive destination for new out-of-state investments. The assignment was a daunting task since the state had not made a systematic review of the code since 1996. In fact, reference to "steel wheeled tractors" was still in the code.

Budget deficits and taxation policies have been the subjects of considerable debate both at the state and national levels in recent years. The Special Council for Tax Reform with its goal of delivering a pro-growth reform package recommended permanently lower marginal income tax rates as an effective way to promote growth. Lowering the marginal tax rate would, for example, increase incentives for work, entrepreneurial risk taking, and expansion of business activities.

The group conducted considerable economic and business research that formed the basis of their recommendations. They recognized that Georgia competes directly for new investments with several surrounding states that boast of personal income tax rates of 0%. In addition, 75% of the new jobs in the country come from small business and 80% of all businesses file under personal income tax schedules rather than corporate income tax schedules. Hence, the group recommended flattening and cutting the state personal and corporate income tax rates from 6% in stages to 4%. The group was not able to recommend an overall tax cut because the state's budget has been under severe strain due to the continuing recession and reduction in transfers from the federal government.

Constrained to deliver recommendations that would yield the same state tax revenues as prior to reform, the Council sought to identify sources of revenue that would offset the loss due to continued on page 2.

Black Americans & the Economic Recovery
Professor Thomas Boston

Professor Thomas “Danny” Boston joined the School of Economics in 1985. His current research is on entrepreneurship and firm growth (focusing on minority and small businesses), public economics (focusing on project evaluation) and urban economics (focusing on the impact of public housing policies on families and neighborhoods).

Frustrated by the lack of timely data and information on small businesses, he launched the Gizzle Index (www.gizzleindex.com) in November of 2011. The blog focuses on the economy and small businesses, including minority and women-owned business performance and hiring. Professor Boston is a regular economics contributor to CNN. He has testified numerous times before Committees and Sub-Committees of the US Senate and House of Representatives regarding the impact of federal policies on minority business performance and federal housing policies on low income families and neighborhoods. He was invited by the White House in April 2012 to discuss the employment and income status of blacks during the recovery. This article contains excerpts from his presentation at the White House.

There are three conclusions that one can draw when examining the employment and income status of blacks during the recovery: 1. The burden of unemployment falls heavily upon blacks. 2. Economic growth is important but by itself, it is not enough. 3. Incremental policy changes are not likely to make a significant difference.

Instead, a concerted multifaceted effort is needed to break through the tremendous racial disparity in employment and income. Understanding the Burden of Unemployment
Blacks are about twice as likely to be unemployed as are whites, but that is not all. The most onerous burden is this – blacks make up 11.9% of the workforce but constitute 20.4% of all unemployed workers!

Economic Growth is very important, but growth alone is not enough!

Even when the economy is doing well, black unemployment is still very high. At the peak of the business cycle in December 2007 continued on page 3.
Income tax rate reductions. They recom-
ded a package of excise taxes and increasing the range of pro-
cucts and services that would bear sales taxes. Recommenda-
tions and the full report can be found at
file:///home/house/ug/reports/2012/12.5.16_FINAL_REPORT.pdf

The 2012 session of the Georgia Legislative Assembly passed
many of the recommendations, including those that rid the code
of the ‘steel-wheeled tractor tires.’ These changes streamline and
modernize the tax code, especially transforming the tax treatment
of mining, manufacturing and agriculture in Georgia into trans-
parent and efficient language. This first phase of reform inures
that businesses are not taxed on production inputs and allows
many state businesses to compete on an even playing field with
nearly all other states. The impact of these changes is expected to
be pervasive and large and is already generating a great deal of
interest from companies that are considering investing in Georgia.

Early in his career at JC Penney’s, Rich realized the advantages of his Economics degree and his expertise in economics, math and econometrics. For example, when Credit Bureau scores were first introduced, Rich’s expertise helped him bridge the gap between those who wanted to immediately adopt the latest cred-
it tools and those who were resistant to change by helping the senior management understand the advantages and limitations of credit bureau scores. During the recent Great Recession, his understanding of the shadow banking system helped CompuCredit anticipate the need to deliver a new line of credit by August 2007. While this resulted in immediate losses, this strategy also helped them to move from the liquidity driven credit business to the distressed assets market and has greatly enhanced CompuCredit’s longer term profitability.

We asked Rich how students should prepare for the modern work-
place. Rich emphasized the need to understand probability and statistics and the tools that aid sound decision making. Having exposure to international education and experiences helps in working success-
fully in multicultural teams and with collaborators in different coun-
tries. Learning to communicate effectively is a key skill for success in the workplace. He encouraged students while still in school to
take advantage of all the many opportunities available to fine-tune their communications skills.

“Let us think of education as the means of developing our greatest abilities, because in each of us there is a private hope and dream which, fulfilled, can be translated into benefit for everyone and greater strength for the nation.”

- John F. Kennedy

Celebrating our Alumni
Richard R. House, Econ 1985

“Probability and statistics are important tools that aid in sound decision making”

Richard (Rich) R. House graduated from Georgia Tech in 1985 with a Bachelor of Science degree in Econ-
omics. He lives in Atlanta with his wife Emmie and his children, Geneva Lee and Trey. Rich is cur-
rently President of CompuCredit Corporation, which he joined in 1997. He has over 25 years of experience in the consumer credit industry. From 1993 until 1997, he
managed and directed Equifax’s Decision: Solutions division, the company’s quantitative analysis
and modeling group. Prior to join-
ing Equifax in 1991, he was employed by the JC Penney Company in credit creations and credit policy. Rich serves on the Board of Advisors of the School of Economics and the Ivan Allen College and has gener-
ously supported the development of the Ph. D. program at the School of Economics.

Rich has had the privilege of working with Dr. Ruth Uwaifo on an independent research proj-
ect on the role of education in economic development. What started with a simple email became an academic partnership, a mentorship, and a friendship. During the course of my research, class-
discussions, and our conversations, I have developed a deep guiding belief that educa-
tion is the greatest tool we as human beings have to better our world. All human strug-
gles - poverty, war, unhap-
piness - stems from lack of
education. Whether this is education to advance economic devel-
opment, education to resolve cultural differences, or education to
gain self fulfillment, we must start young to change the world. It’s
fascinating that research - in economics, no less! - can spur this
sort of self-awareness and passion. My research not only makes
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Georgia: Education & Taxes

continued from page 1... Income tax rate reductions. They recom-
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many state businesses to compete on an even playing field with
nearly all other states. The impact of these changes is expected to
be pervasive and large and is already generating a great deal of
interest from companies that are considering investing in Georgia.

Dr. Ries continues to work on tax reform both in Georgia and
other states. He has developed a model that will allow legisla-
tors and the public to do their own analysis of tax reform and will
soon have this analytical tool available on-line for the public.

For the past two years, I have had the privilege of working with Dr. Ruth Uwaifo on an inde-
pendent research project on the role of education in economic development. What started with a simple email became an academic partnership, a mentorship, and a friendship. During the course of my research, class-
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