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Discussion Group Reflections



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KHANG DUONG, FINANCE AND BUSINESS ANALYTICS

The Chinese Confucian philosopher Xuan Kuang once wrote “Tell me and I forget, teach me and I may remember, involve me and I learn”. The idea of involvement in helping one to learn effectively aligns perfectly with my journey with the Menard Family Initiative (MFI). Ever since I joined the MFI, I have grown personally and academically as it helps me better understand the global economy, embody materials from classrooms to the real world, and broaden my connections.

First and foremost, the MFI helps me to understand numerous economic ideas more comprehensively and thoroughly. For instance, one of my favorite sessions with the MFI was the first meeting where we discussed the paper – *Individualism, Pro-market Institutions, and National Innovation* – by Boris Nikolaev, who later would be invited as a keynote speaker at the MFI Entrepreneurship Research Conference. We discussed how individualistic culture can enable countries to be more innovative and the relationship between pro-market institutions and individualistic cultural values. Due to my travels and studies in various Asian countries, I honorably had an opportunity to dive deeper into and share my knowledge on the political economy of different countries – namely Vietnam, Malaysia, and Japan – and how history has shaped their culture. I pointed out that even though Vietnam is a

collectivistic country, it inherited the individualistic culture and legacy from America, especially in the Southern region. This made Saigon – presently known as Ho Chi Minh City – the most bustling, innovative, and developed area of the nation.

Secondly, not only does the MFI push me to learn new things, but it also incorporates the materials I have learned in my classes at UW-La Crosse (UWL). Before the meeting where we discussed Dr. Stivers' paper – *Behavior when the Chips are Down: An Experimental Study of Wealth Effects and Exchange Media* – I had been assigned to research the impact of blockchain technology in my management class. While Dr. Stivers's paper mainly focuses on how the medium of exchange mediates wealth effects, the MFI discussion group spent a great amount of time debating cryptocurrency, particularly pondering how people tend to be riskier when they decide to invest in Bitcoin. I had a chance to explain to the group the research I had been doing on Blockchain technology and why I think people firmly believe in Bitcoin as a good investment. Investors treat Bitcoin or other forms of cryptocurrency much like gold, meaning they will try to store as much cryptocurrency as possible since the limited supply (there are only 21 million Bitcoins, for example) should increase their value over time. We then shifted to the financial aspect of cryptocurrency, initiated by Professor Nicholas McFaden when he asked us about "technical analysis". As a finance major, this was my exact forte. I learned in my Principles of Investment class that historical data, on which technical

analysis is based, is not an ideal resource for analyzing the market. Such data cannot reflect the market, which is constantly evolving due to unpredictable events like COVID-19, the Russian invasion, or the Israel-Hamas war. Moreover, in his Nobel prize-winning paper on the efficient-market hypothesis, Eugene F. Fama suggests that as more information is rapidly incorporated into prices, the more efficient a market becomes. In all three levels of the efficient market hypothesis that Fama proposes, historical data are proven to be impractical since it has no power to predict the market in the future.

Finally, the MFI has given me an incredible opportunity to expand my network, connecting me with people from various backgrounds. As one of a few international students and a student of color on a predominantly white campus, I have struggled to connect with local students and break cultural barriers. Fortunately – since joining the MFI – I have found myself not only in a group of individuals who share the same vision and interests as mine but also in a community where people are respectfully curious to learn about me as I am them. With the vision to undertake initiatives aimed at engaging students, faculty, and the community, the MFI welcomes students from different backgrounds. Consequently, our discussion sessions can always reach each member across their spectrum of experiences and backgrounds. Let them be a Psychology, Education, or Political Science major; let them be an international student from India or Vietnam or an American student from Minnesota. Each person in the discussion group has their approaches and

perspectives on different topics, which is one of the most valuable aspects of the MFI.

Taking part in the MFI is an eye-opening experience for me as it effectively enhances my understanding of the world's economy, helps me to practice what I have learned in the classrooms, and expands my professional and social circles. By involving myself in various programs and events offered by the MFI, I firmly believe I have successfully implemented Xuan Kuang's motto. I am excited and looking forward to another successful year with the MFI.

ALEX COSBY, FINANCE

One of the best qualities of the Menard Family Initiative (MFI) is that it is far more adaptable to learning about current economic trends and events than traditional in-class learning. This is most relevant regarding the development and deployment of generative artificial intelligence (AI). The MFI has played a significant role in my academic advancement while also showing employers that I am prepared to play a role in their adoption of cutting-edge technologies. Additionally, our discussions and guest lectures have shown that there are massive opportunities for entrepreneurship when going through this technological transition period. The MFI has put its participants in a strong position to succeed.

It can be easy to dread the recent fast-paced advancements in AI that have occurred over the past year. From job displacement or pop culture fears like The Terminator, the future seems more uncertain than ever. The MFI has made me see the future in a less gloomy light. A term that has come up in our discussions and events frequently is “creative destruction.” The introduction of AI may create new jobs and fields of work, even though it will likely put some people out of work. AI also has the potential to relieve employees of undesirable work, leaving them to perform more fulfilling tasks.

The impact that AI will have on the labor market brings us to one of the most consequential readings that we have discussed this semester: William J.

Baumol's the Cost Disease. Baumol argues that productivity growth in sectors such as education and healthcare has not kept up with the pace of wage pressure, leading to inflating costs for the same service. While this book was written well before the recent advancements in AI, its implications are hard to overstate. AI could drive down costs in health or education by assisting doctors and professors in the completion of busy work, allowing. In doing so, AI could likewise improve the quality of educational and health services by enabling these professionals to focus more on personal, human-oriented tasks. Additionally, the use of AI could lead to better outcomes in various sectors. For example, AI assistance in cancer detection could better enable human doctors to save lives.

On a more individual level, the advancement in AI presents many "blue ocean" entrepreneurship opportunities. There are many free AI courses and tools one can learn to use, making the barrier to entry lower than in many other fields. Personally, the MFI has driven my entrepreneurship mindset far more than any other classes or groups in the College of Business. As for writing, I am using OpenAI's API to create "GPTs," a resource that has massive potential for both corporate and direct-to-consumer use. I don't think that I would have chosen to do so without encouragement from the MFI Entrepreneurship Research Conference and its keynote lecture by Boris Nikolaev on AI.

The MFI organized a colloquium centered around the book "How the World Became Rich," where a common response to the titular question highlighted the importance of pro-business regulations. We are currently seeing political discourse in the US and around the world on how to regulate the development of AI. This discussion led me to a realization: Some countries may restrict the development of AI, leading to massive economic development ramifications. As debates continue about whether the development can or should be stopped, there appears to be far more skepticism from the public than with previous technological developments.

Reflecting on my experience with the MFI, I see how impactful it has been on my academic development, exposing me to ideas that I likely wouldn't have without our discussion group. More than anything it has sharpened my entrepreneurial mindset and made me excited to start my own business. It has also fostered personal relationships with current entrepreneurs and guest lecturers that are not emphasized nearly as much anywhere else on campus. The impact of AI is still up in the air: It could cause structural unemployment or decrease the cost of vital sectors like healthcare; It could inspire future enterprise or be held back in red tape. The future is truly in our hands.

RYAN KITZAN, ECONOMICS

One of the most interesting concepts that came up during our discussion group was charter cities, which relates to my intellectual interest in political institutions and economic development as well as my curiosity about city-states. The concept of the charter city is that – to spur economic development – developing countries should allow for the creation of new cities governed under a separate set of laws/institutions and owned by foreign private investors. After my initial enthusiasm for the idea, I began to realize charter cities faced a massive Achilles heel in implementation: expropriation by the host country. In this essay, I will discuss the three biggest potential motivators for such an expropriation by a charter city's host country: Popular outcry, the charter city becoming a hive of dissidents, and greed.

While the economic benefits of a charter city may seem clear to those of us with a background in economics, most of the population of any proposed host country will likely lack such a background. Therefore, no one should be surprised when the average inhabitant of the host country regards their government allowing a charter city, not as a sound economic move that will fuel further development, but rather as a sellout to foreign elites. The protests and riots sparked by this perception will put massive pressure on the host country's government to pull the plug on charter city, whether the government is authoritarian or democratic. This is because democratic

governments tend to value their reelection chances over anything else, and authoritarian governments live in eternal fear of a popular uprising. On the very off chance the government persists in allowing the charter city, it will either get voted out (if democratic) or overthrown (if authoritarian).

Regardless, the charter city is dead. If the charter city somehow survived the popular outcry, by the host government being so strongly authoritarian as to be able to suppress it before it becomes an issue, the charter city runs into the next issue.

Any charter city with an authoritarian host is almost guaranteed to become full of dissidents plotting to overthrow the host government. This is because a charter city is likely to have far less oppressive laws and institutions than the host government, making the charter city an ideal place for dissidents to seek refuge, gather, and plan. There already exists significant historical evidence for this theory, as Chinese revolutionaries historically used the European treaty ports (a major inspiration for charter cities) as a place to take refuge and plot. This will either force the charter city to massively restrict migration from the host and adopt some of the host's anti-dissent laws (significantly compromising the goals of a charter city) or face expropriation. But even successfully finessing both the dissident and popular outcry will not save the charter city, as it will then face an even stronger foe.

A successful charter city will be massively wealthy compared to its host; this creates an incentive for a greedy host to take the city. While it is true that

such an action is likely against the host country's long-term interests, the leadership of the host country is just as likely to decide that the short-term spoils are worth the long-term loss. To quote Keynes, "In the long run, we are all dead." This is doubly true for aging military autocrats and can be easily replaced with "out of office" for democratically elected politicians. These actors have little incentive to rely on the long-term, the long-term cannot be used to reward supporters and allies now. Meaning the moment the host country's leadership is in a monetary bind, charter city is on the menu.

While interesting, charter cities face significant challenges in implementation that are unsurmountable at this point. At the same time, I do not feel that all the effort into looking into charter cities is lost, simply that further research into implementation needs to be emphasized. Top-down attempts at creating charter cities are unviable. More emphasis must be placed on bottom-up approaches that do not leave the hypothetical charter city at the mercy of its host government.