

Regional

Kutan: Euro is part of a political agenda

It is a little known fact that the department of economics and finance in the School of Business at Southern Illinois University Edwardsville provides an economics degree in collaboration with the College of Arts and Sciences. Interest in this program is growing rapidly, due in no small measure to the work of dedicated faculty like economics and finance professor Ali Kutan.

Originally from Turkey, Kutan received his undergraduate degree at Istanbul University, his master's at Florida Atlantic University and his doctorate in economics from Arizona State University. He has been a faculty member at SIUE since 1991.

Kutan has written more than 100 peer-reviewed journal articles. His work has been cited almost 3,200 times by fellow scholars. Among the high-profile institutions where he has worked as a consultant, project participant, or visiting scholar are the U.S. Commerce Department, the International Monetary Fund, the World Bank and the Federal Reserve Bank of St Louis. Yet, despite his accomplishments as an economist, his original career plans were far different.

"My stepfather was a butcher, so I used to work in the butcher's shop when I was about 10 years old," he said. "Because I was cutting lots of meat and getting used to seeing blood, I thought that I would be a great surgeon. I had a dream of being a doctor. But when I took my university entrance exams I just couldn't make it into the medical school."

Kutan added that he was lucky to get into the school of business. Given his scholarly status, the world of economics is equally fortunate that that is where he landed, though it wasn't an easy accomplishment. One of his greatest difficulties upon coming to the United States, he said, was financial.

"When I came to this country my skill in cutting meat really helped," he said. "I was working in a restaurant in Florida as a meat cutter. I also did the dishes and made desserts. I gained 20 pounds in that restaurant."

"I think the key lesson for all of us is hard work," he added. "You have to be patient, work hard, study hard and good things will happen for you." Kutan is not at all shy about sharing his experiences and hardships with his own students. He hopes to motivate them



SIUE photo

Dr. Kutan discussing research with a student.

with his inspiring background.

Anyone who observes Kutan interacting with students or junior faculty would know that mentoring others, especially in research, is very important to him. Having become a prolific researcher, he emphasizes the importance of his own mentors and their positive influence on him with a "pay-it-forward"

attitude.

"You should work with different mentors because you learn not only about different aspects of research but also about different approaches to research," he added.

Having published dozens of articles on Eastern Europe and the European Union, Kutan said that his doctoral thesis was

actually on the Euro. The startling fact is that he concluded – almost a decade before the Euro was introduced – that any common European currency was only a pipe-dream. At that time, he could not believe that a country such as Germany would give up its German Mark and accept a brand new currency. Kutan added that

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areas or countries that previously had their own currencies should have a common currency if, when exposed to similar external economic shocks, they would agree on cooperating on their fiscal and monetary policies. Kutan said that he did not foresee the possibility of such a wide-ranging cooperation on macroeconomic policies as he was writing his dissertation. Today, however, he said that he understands the difference between economics and politics in driving political will.

"The Euro is part of a political agenda," he said. "Europeans will not let economics interfere with their political ideal of unifying Europe." Despite the well-publicized problems in Greece and other European countries, he said that he believes that the EU will continue working on European unification.

Being an expert on economics in emerging markets, Kutan puts these countries in a different category than developing countries. Examples of such economies, said Kutan, include former Soviet-bloc countries in Eastern Europe. Over the last couple of decades, emerging countries have shown robust growth performance and a preference for opening up their countries to trade and financial flows. However, their monetary and fiscal policies have not always supported their goal of economic development. Often these macroeconomic policies have fallen victim to corrupt policymakers, who put individual gains before the good of the country. Nevertheless, Kutan said that he remains hopeful.

"I have always been a patient person. It's going to take time for these countries to develop their institutions," he said. "I think, given time, these emerging markets will become like advanced economies, but my guess is that it might take another 50 to 100 years."

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