



Department of Economics
College of Social Science
Michigan State University

MICHIGAN STATE

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College of Social Science / Department of Economics
Michigan State University

From Our Chair



I am delighted to have this opportunity to bring you up to date on developments in the Economics Department here at Michigan State. I took over for Rowena Pecchenino as Department Chair in August of 2006, shortly after our last newsletter appeared (in May of that year). Rowena shepherded our department during some difficult years. She, along with John Goddeeris, managed our transition from the Business School to the College of Social Science, she helped supervise the renovation of Marshall-Adams Hall, and she led the enormously successful search to fill our first endowed Chair, the

Fredrick S. Addy Distinguished Professorship in Economics. We all owe a debt of gratitude to Rowena for the wonderful job that she did over her five years as Chair. We wish her the very best in her new position as Head of the Department of Economics, Finance, and Accounting at the National University of Ireland Maynooth.

The move to the College of Social Science and the misfortunes of the Michigan economy have triggered a number of changes in our department. At the undergraduate level, our enrollments have continued to grow as economics has become one of the most popular fields of study in the college. We now have over 700 undergraduate majors! To keep up with the never-ending demand for our services, our faculty has been allowed to grow. Since 2006 we have added six new faculty members. Please take a moment to read about them and their research interests inside this newsletter. Reduced funding from the State of Michigan has led to severe budget cuts across our campus, and this has forced us to modestly downsize our graduate program. We have looked for innovative new ways to fund our graduate program, resulting in two new graduate programs – a dual PhD program in Economics and Finance and a new specialization in the Economics of Education funded through a generous grant from the federal Institute of Education Sciences. We have also been fortunate enough to have wonderful support from our alumni base, and this has allowed us to nearly double our development fund over the past two years. The scholarships and fellowships that these funds support are vital to our success.

Currently, our department is flourishing. We hope that you are as well. If you are in East Lansing in the future, please stop in and see us at Marshall-Adams Hall. Alternatively, you can contact us by email through our office manager Margaret Lynch (lynchma@msu.edu) – we would love to hear from you.

Carl David

Mordechai (Max) Kreinin — 50 Years at MSU and Robert Goodman Receives Distinguished Alumni Award



Robert and Meri Goodman and Max Kreinin

ROBERT GOODMAN, Greenwich, Conn., a retired economist from Putnam Investments who received his master's and doctoral degrees in 1965 and 1970, respectively, received one of five Distinguished Alumni Awards given on campus in October, 2008. The selection is made from candidates who have distinguished themselves by obtaining the highest level of professional accomplishments and who possess the highest standards of integrity and character to positively reflect and enhance the prestige of Michigan State University. The winners are chosen by the awards committee of the MSU Alumni Association's National Alumni Board.

On October 2, 2008, **MAX KREININ** (far right) was honored for his 50 years as a professor at MSU at an award ceremony held in the Koo Room of Marshall-Adams Hall. Kreinin also received the Michigan State Honorary Alumni Award from the MSU Alumni Association.

CONGRATULATIONS MAX!



Robert and Meri Goodman and Marlene and Max Kreinin

Faculty News

CHRISTINE AMSLER spent fall of 2008 as a visiting professor at Yonsei University, one of the top universities in South Korea.

CHARLES BALLARD received the College of Social Science's Outstanding Teacher Award for 2007, and in the same year was named Director of the State of the State survey, an ongoing research project of MSU's Institute for Public Policy and Social Research. As a result of his book *Michigan's Economic Future*, Professor Ballard has become a much sought-after expert on Michigan's economy, appearing frequently in the news media and as a guest speaker at various events throughout the state.

From November to January of 2008, **LISA COOK** served on the Obama Transition Team, where she was a member of the Economy and International Trade Team, headed the review of the World Bank and co-headed the review of the International Affairs Division at the Treasury Department. From January to August of this year, she was a visiting scholar at the National Bureau of Economic Research, supported by the NBER Innovation Policy and the Economy Fellowship.

JINHUA ZHAO was recently appointed to the Environmental Economics Advisory Committee of US EPA's Science Advisory Board (SAB) for a two year term. The objective of the SAB is to provide independent advice and peer review to EPA's Administrator on the scientific and technical aspects of environmental issues. As a member of the SAB, Jinhua will advise the EPA on issues underlying EPA's policies and decision making, including the adequacy and scientific basis of agency programs, guidelines, methodologies, proposed regulations, as well as new information needs for research and development.

CARL LIEDHOLM has been elected to a four year term on the Board of Directors of the Federal Home Loan Bank of Indianapolis.

SUSAN LINZ received funding from MSU's Central Asia/Caucasus Initiative and CIBER to conduct employee surveys in Armenia, Kyrgyzstan and Serbia, and from National Council for Eurasian and East European Research to augment an employee survey in Serbia. The research project analyzes changing labor market conditions, with special focus on gender and generational differences in factors that motivate workers. The project extends research/employee surveys conducted in multiple regions in Russia.

In the fall of 2008 **PETER SCHMIDT** served as the SK Chaired Professor at Yonsei University in South Korea, an honor accorded only to the world's most prominent economists.

JEFF WOOLDRIDGE is the president elect of the Midwest Economics Association for 2009-2010, and has been named co-director of a new program for graduate study in the economics of education, which is funded by a 5 million dollar grant from the Institute of Education Sciences.

GARY SOLON has recently been named a Fellow of the Society of Labor Economists, in recognition of his contributions of unusual distinction to the field of Labor Economics. A more detailed discussion of Prof. Solon's research can be found later in this issue.

Aloysius Dunaway Memorial Lecture

GORDON HANSON, Director of the Center on Pacific Economies and Professor of Economics at UC San Diego is our invited Dunaway Speaker for this Spring, (January 14-15, 2010). If you're interested in attending, please watch our website for more information.

New Faculty Hires

CHRISTIAN AHLIN joined our faculty in fall of 2007, after teaching at Vanderbilt University for many years. He was promoted to associate professor in Spring of 2009.

Christian studies economic issues that arise in the context of poor or developing countries. One primary focus of his work is the micro-credit movement, which has received a significant amount of attention in the past few decades, including the 2006 Nobel Peace Prize (to Muhammad Yunus and the Grameen Bank of Bangladesh). A surprising feature of this movement is the apparent boom in successful institutional lending among those too poor to provide collateral. To understand what made such a lending boom possible, it is helpful to understand what the potential impediments to lending in such contexts are. Research with Robert Townsend uses several economic models of *group lending* -- in which borrowers form groups and bear some liability for loans of all group members -- and data from Thailand on which households borrow, the terms under which they borrow, and their repayment rates to explore these impediments. Impediments to lending appear to vary with the institutional infrastructure. Enforcement problems are more severe in the less developed Thai region and information problems that lead to adverse selection are more severe in more rapidly growing areas. Christian has also studied how the borrowing groups form. He finds that borrowers tend to form groups with others who face both similar *amounts* and *types* of risk.

Other work, with Jocelyn Lin and Michael Maio, examines how the success of microfinance institutions depends on macroeconomic indicators and the macro-institutional environment. Since microfinance has seemed to thrive perhaps especially well in some of the poorest countries, it is not clear a priori that economy-wide growth will tend to be good for micro-lenders. The results suggest that macroeconomic growth is good for micro-finance institutions, explaining about one-sixth of a micro-lender's success. This puts in greater relief the success of institutions that operate in relatively stagnant macroeconomic environments, such as the Grameen Bank of Bangladesh.

Christian also examines the effect micro-credit can have on an economy's growth trajectory. Can micro-credit serve as a basis for "trickle-up" development, as some have argued? Of particular interest is how well micro-credit can serve as a stepping stone for borrowers to bigger and better things. That is, micro-credit creates access for poor households to better levels of capital and technology, but not typically to *optimal* levels. For development to occur, it must be that the higher income micro-credit generates allows the average borrower eventually to accumulate enough wealth to access optimal levels of capital and technology. If this is the case, micro-credit can catalyze economy-wide development, disappearing as an institution in the process. On the downside, however, Christian shows that if micro-credit leaves the average borrower stuck at a rela-



tively modest level of capital intensity and technology usage, it can lower growth and perhaps even raise long-run poverty.

Christian has also researched the impact of corruption on economic development. Joint theoretical work with Pinaki Bose calls into question the idea that bribery is often efficient. A standard argument in favor of bribery is that it allocates licenses to the most efficient producers, since they stand to gain the most and therefore have the greatest willingness to pay. However, Christian and Bose show that if the bureaucracy has a mix of honest and corrupt agents, the most productive agents may turn out to be *less* willing to pay. Since they are preferentially serviced by honest bureaucrats, they have better reapplication prospects than do less productive agents, and can afford to be choosy. In this context, the most inefficient bureaucracy may contain a mix of honest and corrupt agents, rather than only corrupt ones.

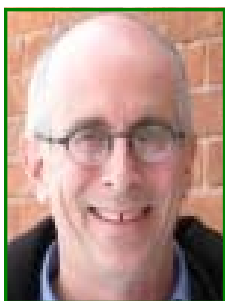
Continued on next page...

New Faculty Hires (continued)

Christian Ahlin, Continued from page 5...

Joint work with Jiaren Pang brings the topics of finance and corruption together. Using cross-country and cross-industry data to make comparisons, this research suggests that financial development and corruption control both promote growth, but act as substitutes in doing so. The basic idea is that higher cor-

ruption raises the need for liquidity and therefore makes any improvement in the financial sector more productive; conversely, an underdeveloped financial sector makes corruption harder to deal with and raises the gains from reducing it



GARY SOLON joined the MSU Department of Economics in fall 2007. Before coming to State, Gary was professor of economics at the University of Michigan, where he chaired the economics department from 1999 to 2003. He earned his Ph.D. at Princeton in 1983 and has been teaching and studying labor economics and econometrics ever since.

He is presently a research associate of the Labor Studies Program at the National Bureau of Economic Research, a fellow of the Society of Labor Economists, and a co-editor of the *Berkeley Electronic Journal of Economic Analysis and Policy*.

Most of Gary's research involves statistical analysis of labor market issues. One of his main research areas has been "intergenerational income mobility" – that is, how much difference does it make for one's economic success as an adult if one grew up in a rich family versus a poor family? Gary's research has demonstrated that kids from better-off families are at a greater advantage relative to kids from less well-off families than researchers in sociology and economics had previously believed. And a growing literature suggests that this intergenerational persistence of economic status is stronger in the United States than in many other advanced economies.

Some of Gary's other most influential research has studied the behavior of labor markets over the business cycle, i.e., as the economy swings back and forth between expansions and recessions. One of his more recent studies, "The Ins and Outs of Cyclical Unemployment" (co-written with Michael Elsby and Ryan Michaels and published in the *American Economic Association's* new macroeconomics journal), shows that the unemployment rate surges during a recession because of both an in-

crease in the number of unemployment spells and an increase in how long the spells last. This contradicts some recent macroeconomic research that had claimed that the increase in the number of unemployment spells during recessions is inconsequential. Gary and his co-authors conclude that "a complete understanding of cyclical unemployment requires an explanation of counter-cyclical inflow rates as well as procyclical outflow rates."

Because Gary's research in labor economics relies heavily on the application of econometric methods, he maintains a strong interest in statistical methodology, which is reflected in both his research and teaching. One of his latest studies, co-written with Atsushi Inoue and forthcoming in the *Review of Economics and Statistics*, resolves an important practical puzzle about how best to combine data from two different samples. In a paper published in the *American Economic Review*, Gary and another Michigan State economist, Steven Haider, demonstrate that the statistical relationship between a worker's current earnings and lifetime earnings is more complex than economic researchers usually have assumed, and they draw out the practical implications for research on intergenerational mobility and other subjects.

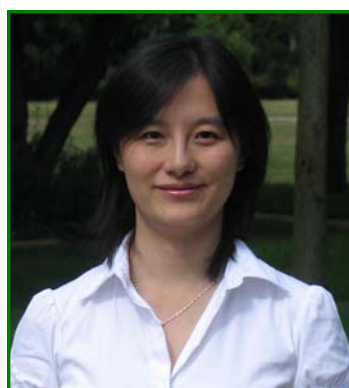
Gary is teaching the economics department's graduate courses in labor economics and applied econometrics. He also is a successful and very enthusiastic teacher of undergraduate courses. When he taught undergraduate econometrics at Michigan, his textbook was what he calls "a superlative book, the best one available" – *Introductory Econometrics* by Michigan State professor Jeffrey Wooldridge.

Recently Hired Faculty — Fall 2008

SOREN ANDERSON is an Assistant professor with a joint appointment in our department and the Department of Agriculture, Food, and Resource Economics. He received his Ph.D from the University of Michigan, writing his thesis on emerging markets for biofuels. His research interests include environmental and resource economics, energy economics, and public economics.



ARIJIT MUKHERJEE received his Ph.D. from Northwestern University and is an Assistant Professor. He is an applied theorist with primary research agenda in Economics of Organization and Contract Theory. His current research focuses on how internal labor markets work under several information asymmetries between firm, workers, and the outside labor market. Other research topics include strategic information sharing by firms, incentive contracts, career concerns based incentives, and relational contracts.



TING LIU is an Assistant Professor with a Ph.D. from Boston University. Her primary research interest is microeconomic theory, with emphasis on the areas of Industrial Organization and Health Economics. Her current research studies the role of reputation on experts' incentives to make truthful reports and the design of the optimal insurance when patients can search among physicians.

JINHUA ZHAO comes to us from Iowa State University, and was hired as part of an MSU initiative on the bio-economy. He is an Associate Professor, and also has an appointment in the Department of Agriculture, Food, and Resource Economics. Jinhua is a very prolific researcher, dealing with a wide variety of topics related to environmental and resource economics, including global climate change, energy economics, trade and the environment, real option theory, technology adoption, and dynamic decision making.

Faculty Awards



Congratulations to **RICHARD BAILLIE** for receiving a Distinguished Faculty Award. Richard holds a joint appointment in the Departments of Economics and Finance. Annually, a maximum of ten faculty are designated to receive a Distinguished Faculty Award for outstanding total contributions to the University. Recipients are chosen based on a comprehensive and sustained record of excellence in research and/or creative activities, instruction and service.

Professor Baillie specializes in econometrics and in applications of econometric methods to questions in finance, especially international finance. He is one of the world's leading experts in the dynamics of exchange rates and in the analysis of long-memory time series data. Professor Baillie first became prominent through his work on the asymptotic properties of predictions in dynamic models. He was a pioneer in tests of market efficiency using vector autoregressive models and accounting for a time-varying risk premium.

Richard Baillie is also an exceptional teacher, particularly at the graduate level. He is a lucid lecturer and he is very generous with his time. Students appreciate his level of rigor, coupled with a calm, low-key style and a willingness to interact personally with his students. At the graduate level, students are drawn to him as a thesis advisor due to his reputation for outstanding guidance and support. Professor Baillie's students are intensely loyal to him and are quick to cite the amazing time, patience and motivation that he provided during the dissertation process. Moreover, it is widely known that Professor Baillie makes every effort to keep in touch with his students long after they finish their dissertations and that he continues to provide feedback and professional mentorship that his students consider invaluable.

Richard Baillie has been everything to Michigan State University: a leading scholar in his field, a superb teacher of an untold number of students, and an outstanding mentor to his doctoral students. He is, simply put, the ideal faculty member at a research-based land grant institution. By awarding him the Distinguished Faculty Award, Michigan State University publicly recognizes the tremendous contributions that he has made to the University and its students over his 28 years of dedicated service.

Congratulations to **STEVEN J. HAIDER** for receiving a Teacher-Scholar Award this year. Teacher-Scholar Awards are made to six members of the faculty from the ranks of instructor, assistant professor and associate professor who early in their careers have earned the respect of students and colleagues for their devotion to and skill in teaching.

Steven Haider has brought energy and a commitment to maintaining high standards to both his teaching and research roles at Michigan State University. Professor Haider's students have the opportunity to learn statistical methods from a researcher who has distinguished himself as an expert user of those methods, and to learn about poverty and anti-poverty programs from a nationally recognized expert in poverty research. They also have a professor who, in the words of one student, "made it clear that he would be more than willing to contribute his time and effort to work with us until we mastered the material," and that "due to his persistence and understanding that students learn in different ways . . . was able to reach every student in an effective way".

In his research into poverty, social programs, and the economic behavior of the elderly, Professor Haider has ably applied the tools of economic and statistical analysis to produce knowledge that both enhances our understanding of economic activity and points the way toward more effective programs to alleviate poverty. His articles have appeared in some of the most prestigious journals of economics, his research attracts funding from federal agencies, and his findings are cited by numerous other researchers.

Steven J. Haider's recognized excellence in the classroom and as a researcher make him a worthy recipient of Michigan State University's Teacher-Scholar Award.



Jinhua Zhao Wins Award for Climate Paper

By Andy McGlashen, 10/01/2008 (reprinted with permission)

A paper by a Michigan State University researcher has been awarded first prize in an international competition addressing global climate change.

Jinhua Zhao, an associate professor in the Departments of Economics and Agricultural, Food and Resource Economics, co-authored the paper with Larry Karp of the University of California, Berkeley. It was one of 36 submissions, with authors from 18 countries, to the Harvard Project on International Climate Agreements.

The paper puts forth a framework for a successor to the Kyoto Protocol, an international agreement to reduce greenhouse gas emissions that is set to expire in 2012.

“We’ve always been bothered by many aspects of the Kyoto Protocol,” said Jinhua. Specifically, he said, the United States isn’t part of the treaty, and other major nations fulfill only minimal obligations. The agreement also lacks an effective enforcement mechanism. “These are sticking points that need to be resolved,” he added.

Jinhua and Karp’s proposal includes an “escape clause,” under which countries can stop abating emissions if it becomes too costly. However, nations that invoke the clause would have to pay a fine, which would be split between all member countries. As more nations join, the fine would effectively be increased, since the escaping nation’s slice of the pie would shrink. That would give members further incentive to abate, and other nations a reason to monitor other members’ emissions, thus providing an enforcement mechanism.

Jinhua said the need is great for an effective agreement to cut greenhouse gas emissions. “It’s something we know we have to do,” he said. “Otherwise, there’s a very high probability that we’re on a track with disaster.”

But even if targets for abating greenhouse gas emissions are exceeded, Jinhua said, climate change will persist, and scientists must also study ways of living in a warmer world.

“Now, in addition to abatement, we realize we have to study mitigation,” he said. “Adaptation, I think, is going to be a major issue.”

Having worked for Iowa State University since 1997,

Jinhua came to MSU this year, drawn by opportunities for interdisciplinary research, especially in the alternative energy field. “I see lots of potential for collaboration with colleagues,” he said. “I also see a lot of potential for the bioeconomy in Michigan.”

Jinhua was hired as part of an MSU initiative focused on the bioeconomy – that is, an economy based on renewable sources of energy and raw materials. He described the field as “a natural nexus between energy and global climate change,” since it seeks to end dependence on greenhouse gas-emitting fossil fuels.

While he said there are major challenges in moving toward a bioeconomy, Jinhua remains optimistic. “When

people realize there’s a problem, we work really hard on the solutions,” he said.

For instance, though the environmental credentials of corn-based ethanol have come under question, Jinhua sees an opportunity to “kickstart long-term solutions. Through corn ethanol we begin to understand the scale of effort that is needed for the next generation of biofuels,” he said.

Jinhua said researching biofuels is important because it can make nations and businesses start to think in the long term about energy policy. As renewable fuels become more viable, he said, they may begin to challenge the market power of oil companies.

Born and raised in northern China, Jinhua earned his bachelor’s degree from the University of Science and Technology in Beijing. He then went to Canada to pursue a newfound interest in agriculture, and earned a master’s degree in agricultural economics from the University of Guelph in Ontario. He also holds a Ph.D. in agricultural economics from Berkeley, where he studied under his future collaborator, Larry Karp.

From 2005 to 2007 Jinhua was a co-editor of the *Journal of Environmental Economics and Management*. He still serves on the editorial council of that journal, and on that of the *Review of Development Economics*.

Andy McGlashen is the news writer for ESPP.



Study Abroad — Economics 335 in London 2007



Grad Awards/News

Recent Job Placements of Econ Ph.D. Recipients

Graduates of our Ph.D. Program hold positions at many leading universities and numerous government agencies and research institutions, both within the United States and around the world. Here is a list of placements of some of our recent graduates:

2008/2009 Placement Year

Kang-Hung Chang	Central University of Finance and Economics, China
Wei-Chih Chen	Shanghai University of Finance and Economics, China
Terry-Ann Craigie	The Center for Research on Child Wellbeing, Princeton Univ., NJ
Jaesoo Kim, Jaesoo	Indiana University-Purdue University Indianapolis, IN
Young Gui Kim	Korea Institute for International Economic Policy, Korea
Nicholas Sly	University of Oregon, OR
Meng-Chi Tang	National Chung Cheng University (Department of Economics), Taiwan
Wei-Siang Wang	Nanyang Technological University, Singapore
Yi Zhu Hong Kong	University of Science and Technology (Social Science Division)
Paula Kazi	Bucknell University
Tao Peng	Southwestern University of Finance and Economics (Research Institute of Economics & Management), China
Makoto Tanaka	Temple University – Japan Campus, Japan

Undergrad Awards

In April of 2009, the Department of Economics honored the following undergraduates for their academic achievements.

Jennifer Flood: Jennifer entered MSU Fall 2005 as a member of the Honors College. She graduated last Spring with a B.A. in Interdisciplinary Studies with a focus on International Studies. She also completed an additional major in Economics, and two specializations, one in International Development, and the other in Bioethics, Humanities & Society. Jennifer studied abroad in Johannesburg, S. Africa. She was a 2008 Truman Scholar nominee and plans to pursue a Masters in Public Policy and work in government or the non-profit sector.

Alyssa Hazelwood: Alyssa entered MSU Fall 2004 as a member of the Honors College and was a semi-finalist for the Alumni Distinguished Scholarship. She graduated last Spring with 3 degrees: a B.S. in Economics, a B.A. in History, and a B.S. in Mathematics, and a specialization in Jewish Studies. Alyssa completed two study abroad experiences, one to study History and Arts & Humanities in the U. K. and the other to enhance her Jewish Studies at Hebrew University's Rotheberg School. Alyssa is currently attending law school.

Matthew Murray: Matthew entered MSU Fall 2005 as a member of the Honors College and as the recipient of a Distinguished Freshman Scholarship. He graduated last Spring with a B. A. in History and a B. A. in Economics and a specialization in Muslim Studies. He studied abroad at Bogazici University in Turkey. He speaks Arabic, Turkish, and French and hopes to continue traveling abroad after graduation before pursuing graduate studies. Matthew is a finalist for a Fulbright Scholarship.

Jeffrey Craig: Jeffrey entered MSU Fall 2005 as a member of the Honors College and the recipient of an Alumni Distinguished Scholarship, and graduated with a B.S. in Mathematics and a B.S. in Economics. Jeffrey participated in our department's London study abroad program. He has served as an Undergraduate Assistant for our department and the Department of Mathematics, and is now in the first year of the Ph.D. program in Mathematics at Purdue University.

Scott Hendrickson: Scott entered MSU Fall 2005 as a member of the Honors College, and graduated in 2009 with three B. A. degrees: International Relations, French, and Economics. Scott studied abroad on the French program in Tours, France. As a result of his language studies Scott was awarded the Bradbury Lynch Scholarship. He has completed internships at Senator Carl Levin's Lansing Regional Office and at Washington Resource Associates in McLean, Virginia.

Parth Tikiwala: Parth entered MSU Fall 2005, and completed his B. S. in Economics last Spring. Parth participated in the Ronald E. McNair Post-Baccalaureate Achievement Program & the Summer Research Opportunity Program and was engaged in working with Prof. Raoul Minetti. He also participated in our department's London study abroad program and has included the study of Hindi in his program. He was a Resident Mentor in the dorm system for two years. Parth plans to pursue a graduate degree in Economics.

Aylysh Gallagher: Aylysh entered MSU Fall 2005 as a member of the Honors College. She graduated last Spring with a B.A. in Economics. She participated in our department's London study abroad program. In addition to serving as an Undergraduate Assistant in the Department of Economics, Aylysh is interning in the Constituent Service Division for Governor Jennifer Granholm. She plans to work in state government after graduation and plans to pursue a Masters in Public Policy. Aylysh was recognized at commencement as one of the Board of Trustee Award winners as a result of her 4.0 GPA.



Alumni News

Philip E. Austin (PhD) served as President at the University of Connecticut from 1996-2007. Prior to that appointment, he served as Chancellor in the University of Alabama system and was President at Colorado State University.

Sang Hoo Bae (PhD 2003) has been promoted to Associate Professor at Clark University.

William Barnett II (PhD 1974) is Professor of Economics and Chase Bank Distinguished Professor of International Business in the College of Business, Loyola University New Orleans. He is also an Adjunct Scholar at the Ludwig von Mises Institute.

Vernon M. Briggs, Jr. (Ph.D.1965) became Emeritus Professor of Labor and Industrial Relations at Cornell University in June 2007. He had taught at Cornell since 1978. Previously he taught in the Economics Department at the University of Texas at Austin from 1964 until 1978.

Christopher Cornwell (PhD 1985) is currently the Department Head, Economics, Terry College of Business, at the University of Georgia.

K William Easter (PhD 1966) is Professor at the University of Minnesota, Department of Applied Economics. He has published widely in professional journals and has coauthored, edited, or co-edited ten books dealing with a range of natural resources and environmental economics issues, but with a focus on water resources. Some of his current research includes: Nonpoint pollution of surface water; The use of benefit/cost analysis in environmental decision making; Water management and market mechanisms for allocating water; and Economic incentives for conflict and cooperation in transboundary water resource use.

Abdollah Ferdowsi (PhD 1982) is Professor of Economics, College of Business, at Ferris State University in Big Rapids, Michigan.

Doug Harris (PhD 2001) was promoted to Associate Professor at the University of Madison, Wisconsin earlier this year.



Kevin T. Jacques (PhD 1990) is the Boynton D. Murch Chair in Finance at Baldwin-Wallace College. Prior to joining the faculty at B-W, Dr. Jacques spent 14 years as an economist with the U.S. Treasury Department in Washington, D.C., where he was responsible for advising Treasury and Bush Administration officials on economic and financial policy issues. While at Treasury, Dr. Jacques also advised representatives of foreign governments on matters of international banking and financial policy. In 1994, he served on the President's Working Group on Financial Markets examining systemic risk in financial markets. Given his background at Treasury, he has been a regular commentator over the last year in the national media on matters related to the financial crisis including appearances or quotes on National Public Radio (NPR), Associated Press, Bloomberg Financial News, Yahoo! News, CBS News.com, Business Week.com, the American Banker, as well as dozens of newspapers throughout the United States and Europe.

Francis Kwok-hung Cheung (PhD 1989) is an Associate Professor in the Department of Decision Sciences and Managerial Economics at The Chinese University of Hong Kong. More information on him can be found on [his website](#).

Marek Kolar (PhD 2008) has moved to Trine University, Ketner School of Business, in Angola, Indiana as Assistant Professor.

Karen Krastev (PhD 1997) works for Bank of America as an SVP managing an analytics team in 1st Mortgage Pricing. Her team estimates price elasticity of demand and is also responsible for pilot/program measurement. She lives in the SF Bay Area with her husband Evstatin and two daughters Eva (8) and Emmy (3.5).

Alumni News (continued)



Lycurgus Liaropoulos (PhD 1973) is the Director for the Center for Health Services Management and Evaluation in Greece. In a recent column published on the website, he wrote "Throughout my involvement with the study of Health Policy in the international setting, my participation in various study and research projects, and my ten-year representation of Greece on the OECD Social Policy Group, I have been impressed by the relative paucity of published papers on the organization of the health sector in Greece. Despite its medium-to-small size, Greece is, however, an extremely interesting case in the study of health systems performance for a number of reasons. (More on this can be found at the website: <http://chesme.nurs.uoa.gr/>)

Fabio Mendez (PhD 2000) was promoted to Associate Professor at the University of Arkansas (Sam M. Walton College of Business) and reports having a very productive year of research.

Pinar Ozbay Özlü (PhD 2004) works in the Research Department of the Central Bank of Turkey. Her son Onur Özlü (left) was born on December 16, 2007.

This is an early picture of him (from August 2008).



Artem Prokhorov is now a Research Fellow at CIREQ (Centre interuniversitaire de recherche en économie quantitative), Montreal, QC. In addition to that, he is still an Assistant Professor in the Department of Economics at Concordia University, Montreal, QC.

Rob Wassmer (PhD 1989), has been the Chairperson of the Department of Public Policy and Administration at Sacramento State for the last two years. Just this past year he has also become the Director of a master's degree program in Urban Land Development that is based upon an interdisciplinary business and public policy curriculum. For the past six months, Wassmer also served as the Interim Associate Director of Sacramento State's new educational doctorate (Ed.D.) in educational leadership and policy. He has recently completed chapters for three separate edited collections: "The Effect of Commuter Taxes in U.S. Metropolitan Areas," entry in *Urban and Regional Policy and its Effects* (Volume 3), Brookings and Urban Institute, forthcoming in 2010; "California's State and Local Revenue Structure After Proposition 13: Is Denial an Appropriate Way to Cope?" entry in *State and Local Fiscal Policy: Thinking Outside the Box*, Edward Elgar Publishing, forthcoming in January 2010; and "The Increasing Use of Property Tax Abatement as a Means of Promoting State and Local Economic Activity in the United States," entry in *Erosion of the Property Tax Base: Trends, Causes, and Consequences*, Lincoln Institute of Land Policy, 2009, pp. 221-59.

AEA Reception

If you plan to be at the AEA Meeting in Atlanta in 2010 (January 2-5), please mark your calendar to attend our Alumni Reception, to be held on Sunday, January 3rd from 6:00 to 8:00 p.m. in the Hilton Atlanta, Room 209.

Alumni Profiles

Jeremy Magruder In 2007 Jeremy Magruder received his Ph.D. in economics from Yale University and took a position as an assistant professor at the University of California-Berkeley, where he teaches economics and conducts research on labor market issues in developing countries. However, when he entered MSU as a freshman in 1998, Jeremy was not planning to major in economics. “I became an econ major because of John Strauss's honors course in microeconomics,” Jeremy recalls. “At the time I was a student in James Madison, and I really enjoyed the structure and rigor which came along with that course. John's examples of the relevance of various models to severe problems in developing countries also put me on the path towards development economics.”

Jeremy also remembers learning useful lessons about teaching economics while serving as a teaching assistant for Norman Obst, and credits challenging courses in advanced microeconomics taught by Tony Creane and Jack Meyer for helping to prepare him for graduate school. Jeremy won the Edward and Eleanor Carlin award as MSU’s outstanding economics major in 2002, before going on to Yale for graduate study in economics.

While at Yale, Jeremy got an opportunity to serve as an intern on a research project in Cape Town, South Africa. He ended up spending quite a while in South Africa, and writing his dissertation on two serious problems currently plaguing that country: unemployment and AIDS. Among other things, Jeremy’s dissertation revealed the strong impact that the social connections of South African fathers have on their son’s employment prospects, and how this pattern leads to persistent income inequality. He also developed a new and richer explanation of the relationship between age and the chance of AIDS infection in South Africa, based on the way that people search for marriage partners.

Jeremy is currently looking at how centralized collective bargaining in South Africa creates employment shortages and limits the growth of small firms. And although he may not be aware of it, Jeremy is continuing a long tradition of involvement by faculty and graduates of MSU’s economics and agricultural economics programs in efforts to further African economic development.

Wendy Stock *Editor’s Note: Wendy Stock received her Ph.D. in Economics from Michigan State in 1996. She is currently serving as the Head of the Department of Agricultural Economics and Economics at Montana State University. At our request, Wendy sent us the following reminiscences of her time at Michigan State and notes on her career since her graduation.*

I came to MSU in 1992 after earning a BA in economics at Weber State University in Ogden, Utah. My husband Ken and I moved into East Lansing toward the end of the summer of 1992 - me to start graduate school and him to work to pay for it. Unfortunately, our timing coincided with a large round of layoffs at the Lansing GM plant. Believe it or not, Ken managed to land a job because he printed his resume on colored paper - it caught the manager’s attention amid the bland stack of applications from laid off auto workers.



My first office was in the “bull pen” area on the top floor of Old Botany. It was a great place to study and commiserate with other first year students as we struggled through our coursework. In our downtime, we’d drink excessive amounts of coffee and have contests to see whose cubicle had the oldest dates written in the dust on the top shelves. I think the winning date was sometime in the 1960s. Such history! My next office

Continued on the next page...

Continued from page 14...

was in the basement of Old Botany. There I learned a subtle but important office entry technique: first, turn on the light, second, pause to let the resident cockroaches and silverfish scatter, and third, enter the office very slowly and don't even think about looking in the corners or under the heat vents. Oh the memories...

While at MSU, I was fortunate to take several courses from Jeff Wooldridge, who was writing his Introductory Econometrics and Cross-Section textbooks at the time, so some of his lecture notes became the books' chapters. I think this forced him to have extremely organized lecture notes, which fit my learning style well. I use his book when teaching econometrics to my own students. I was also fortunate to take a class from Warren Samuels, back when MSU used to require History of Thought in the PhD program. He had such an expansive vocabulary. Many of us in the class would need a dictionary to decipher our lecture notes each week!

I did a primary field in labor economics, and my dissertation focused on displaced workers, using the now-defunct Displaced Worker Survey supplement to the Current Population Survey. I wrote under the direction of David Neumark, a mentor and someone with whom I later co-authored. Working with David and with Jeff sparked my interest in labor market policy analysis, an area on which I still focus.

I graduated MSU in 1996 and took a job in the economics department at Kansas State. Although I enjoyed it there and managed to get a good start to my career, Ken and I always wanted to get back to the Mountain West – we are devoted skiers, fly fishers, hikers, and mountain bikers, and both our families live in the region. I joined Montana State University in 2000 because I wanted to be in a department that emphasized research as well as teaching. My “current” MSU has a highly productive faculty working primarily in applied micro areas, and it has turned out to be excellent fit for me. I recently became Department Head, a job that includes inherent tradeoffs (those who have done this job know that this is a nice way of saying that your research basically goes down the toilet).

In addition to my interest in labor market policy, I also have an interest in the job market for economists. This started as a simple “navel gazing” activity while I was on the market, but then blossomed into several papers, research grants and conference presentations, primarily with John Siegfried at Vanderbilt. We are currently finishing a project that has followed the 2002 entering cohort of PhD students throughout their graduate careers, primarily tracking their attrition and completion rates.

Throughout my career, I've always loved teaching, and not surprisingly I've been matched with schools that value that skill. My work on the economics job market morphed into work on graduate economic education and then economic education more generally. I was appointed to the American Economic Association (AEA) Committee on Economic Education (CEE) some years ago, and have served as coordinator of the CEE-sponsored session on active learning techniques at the AEA meetings for several years. I am always amazed at the innovative ways people develop to teach economic concepts. I'm currently writing a 101-level textbook, “Social Issues and Economic Thinking,” with Wiley Publishers. The book aims to foster an understanding of the basic tools and core reasoning that underlie decision-making and problem solving, and then apply this way of thinking to an array of social and personal issues of interest to students. I also spend some time each year giving economics talks to high school students throughout Montana. Giving talks to high school students is a great way to gain an appreciation for *not* being a high school teacher!

Muije's bequest supports student scholarships

A successful attorney and MSU alumni, John Muije recognizes the importance of planning and wanted to ensure MSU would be a beneficiary of his estate someday.

John (Economics '76, MBA '77) together with his wife, Bobbi, recently made a commitment of \$825,000 through a charitable bequest to benefit two scholarship endowments rich in meaning to John. More than half of their future gift will establish the John and Bobbi Muije Fellowship in Economics and the Law in the College of Social Science and the remainder will benefit the Honors College Alumni Distinguished Scholarship, the program that first connected John with MSU.

"I probably would have gone to school somewhere, but the particulars of what is offered at Michigan State gave me a great opportunity," John said. "It is only right that we give back to a good cause that benefits society, and MSU is it."

John was born in Salt Lake City, but his family moved to Virginia by his senior year in high school. A flier from Michigan State University arrived, providing information on the Alumni Distinguished Scholarship Program which awarded four-year merit-based tuition scholarships regardless of financial need.

John made the most of his time at MSU, starting before he even arrived. He pushed himself to complete every available Advanced Placement opportunity. He took such a demanding course load that he managed to obtain both his B.A. in economics and M.B.A. within four years. The highlight was an MSU Study Abroad year spent in Freiburg, Germany.

John went on to law school and has become a leading attorney in Las Vegas. He credits his business education with giving him an edge in building a successful practice in a highly competitive field.

Bobbi had no trouble catching John's Spartan spirit. The Muije's are avid sports fans and have designated a green and white entertainment room in their home for watching Spartan games. They also make it back to campus to enjoy the season football tickets John has held for over 20 years.



For more information on making a gift to the College of Social Science or on charitable bequests, contact Sarah Blom, Senior Director of Development and Alumni Relations, at 517-432-1802 or blom@msu.edu.

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