

MICHECON

NEWS Fall 2008

for University of Michigan Economics Department alumni and friends



Making A World of Difference

David Lam, (professor of economics and director of graduate studies), graduate student Susan Godlonton, and a South African field worker have traveled to a remote area, 800 miles from Cape Town. Here, in the midst of extreme poverty and unemployment, they will interview a household as part of their multi-year study of education and income in post-apartheid South Africa. The data being collected and studied will be useful in helping the South African government set education policy and address the staggering unemployment among black South Africans. “The only way to have much change is through education,” notes Lam. Since the end of apartheid, blacks in South Africa continue to have low rates of educational attainment, high rates of unemployment, high rates of teen pregnancy and HIV infection.

Among the preliminary findings of the Cape Town study are that there continue to be large racial differences in the completion of secondary school and that these differences result primar-

ily from the large disadvantages that black students experience in household income and early childhood development, rather than from the large racial differences in the quality of secondary schools. Those who do finish secondary school have a large advantage in finding jobs, contrary to the perceptions of many South African youth.

The project also tracks sexual behavior, condom use, and teen pregnancy. As governments and non-governmental agencies in sub-Saharan Africa attempt to reduce the spread of HIV, male circumcision is being suggested as one important strategy. However, despite rigorous medical evidence that finds circumcision is important for HIV prevention and reduces the risk of transmission by as much as 60 percent, no studies have yet examined the behavioral effects of learning this information. Godlonton’s work will provide specific findings in this area.

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From the Chair



It has been another productive and exciting year of renewal and growth in the Department of Economics at Michigan. We have added three new economists to our already large group of assistant professors (see p. 6 of this issue). I can say without hesitation that our cohort of assistant professors, now 18 strong, is as talented and productive a group of scholars as can be found in any economics department

anywhere in the world. I am also happy to report that one of that group, Chris House, was granted tenure this year and that Lutz Kilian was successfully promoted to professor. (see p. 8).

This issue of *MichEcon News* highlights our graduate programs in Economics. Graduate students are our partners in every aspect of our educational and research missions. For that, we owe a great deal to the University's first president Henry Philip Tappan who, upon arriving in Ann Arbor, was concerned that "after the college course is completed with all its advantages, the student who wishes to pursue his studies still further will look in vain for an Institution to receive him." Determined that the University of Michigan would be such an institution, Tappan expanded the faculty and facilities, as he sought to help these advanced scholars

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*Includes gender identity and gender expression

become "both learned and wise, and thus ready to put their hand to every great and good work."

Our graduate students put their hands to work as our research assistants and our co-authors, pushing us to think about the world through fresh eyes. They challenge us in the classroom, asking the tough questions and catching our inconsistencies. And they are our partners in teaching, holding discussion sessions and office hours with undergraduates, putting in long hours to grade exams and homework sets.

One of the attributes that distinguishes economics at Michigan from that practiced in other leading departments is our focus on problems that are of practical relevance in today's world. This perspective is reflected in the dissertation research taking place in our Department. Following is a sampling of some of the questions currently under study at Michigan:

- Does food aid being sent to the poorest African nations actually reach the neediest families, and if not, why not? *Sadly, it turns out political connections play a significant role in the allocation of aid* (Broussard 2008).
- Did China's Great Famine in the 1960s have a long-term impact on the education levels and incomes of those born during that period? *Evidence suggests it had more pronounced effects on women than on men* (Shi 2008).
- Who captured the benefit of subsidies on hybrid vehicles - producers or consumers? *It turns out consumers reap the benefits* (Sallee 2008).
- Why do countries like China accumulate such large dollar reserves? *Limited access to global capital markets, forcing countries to self-insure, is part of the answer.* (Chen 2008).
- Are foreign-owned firms more productive than those owned by domestic shareholders? *In India, foreign ownership has no impact on performance in the short-run, but seems to be important in the long-run.* (Petkova 2008).

As economists, we understand that the real litmus test of our program is the demand for our students by other programs. For over a decade now we have been able to boast of a 100 percent placement record, and 2008 was no exception.

A perennial issue facing the graduate program is funding. Our students are successful in competing for awards and dissertation support (see p. 5 for a listing of this year's recipients) but tuition and living expenses continue to climb. December 31, 2008 marks the end of President Coleman's pledge to match \$1 for every \$2 donated to graduate education at the University of Michigan. We have been encouraged by the response to President Coleman's campaign. We are particularly indebted to Gail Wilensky for her gift that enabled us to create the Wilensky fellowship in public health economics (see facing page).

A flourishing graduate program enriches our research environment, raises the quality of our teaching, and just makes it fun to come into work everyday. I think we can be really proud of our record of achievement, and we are grateful to you for your support. I look forward to another great year.

Wilensky Gift Provides Needed Graduate Student Support

Gail Wilensky Professorship and Gail Roggin Wilensky Fellowship Fund have been established by **Gail R. Wilensky**, AB '64psych; AB '65econ; PhD '68econ. The professorship funds a joint chair in the Department of Economics and the Ford School. The fellowship fund provides graduate student support. "I am very grateful for the education and experience I received while at the University of Michigan," says Dr. Wilensky. "The skills I learned equipped me to be actively involved in health care policy development, analysis and reform." In providing the professorship and fellowship fund, Wilensky says that, "We must continue to provide the very best education possible for generations to come because they represent the future of effective policy development and policy implementation."



Wilensky

Wilensky, an economist and a senior fellow at Project HOPE, analyzes and develops policies relating to health care

reform and to ongoing changes in the health care environment. She testifies frequently before Congressional committees, acts as an advisor to members of Congress and other elected officials, and speaks nationally and internationally before professional, business and consumer groups.



U-M Economics students had an opportunity to meet with Gail Wilensky during her recent visit to Ann Arbor.

NABE President Speaks to Undergraduate Students



Hughes-Cromwick

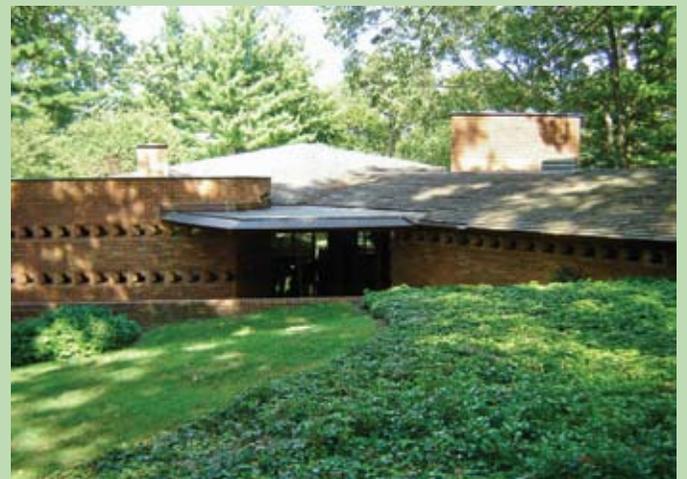
This past spring the Michigan Economics Society invited Ellen L. Hughes-Cromwick, president of the National Association for Business Economics (NABE) to speak about NABE's new Get Connected program that reaches out to students, as well as her work as chief economist at Ford Motor Company. Hughes-Cromwick noted the experience in the April issue of *NABE News*.

"Our new Get Connected members are really excited about the next stage of our professional

organization. Getting LinkedIn is part of our future growth. I will tell you that after giving a talk to 100 University of Michigan students last week, they are hungry for information about a professional career that uses the economic education they are completing. They see their friends in the undergraduate business school pursuing a BBA with lots of information about career prospects. Our education and experience embodied in NABE can and should help them to find these professional pathways."



U-M students sign up for NABE memberships using computers set up in Askwith Auditorium following the presentation.



The House That Frank Lloyd Wright Built... For Economics Professor William Palmer

Over 70 buildings were designed by Frank Lloyd Wright for Michigan, but only one of them is located in Ann Arbor, the William Palmer House, built for U-M Economics Professor William Palmer and his wife Mary. This summer the house went on the market for the first time. Asking price: \$1.5 million.

The 2,000 square-foot, one-story home was commissioned in 1950 by the Palmers. "I was in the house only once," recalls Professor Emeritus Dick Porter, "in the evening after a day of job interviews in the Department. It was the first time I had ever been in a Wright house, and I can still picture the profusion of 60- and 120-degree angles. Even the master bedroom bed was a parallelogram. Mary Palmer was a gracious southern-belle-like hostess and took me for a tour of the house. I kept looking for a right angle, but I don't recall ever finding one."

continued from page 1

Godlonton is also involved in field research in Malawi, which currently has one of the highest HIV infection rates in sub-Saharan Africa. The Malawi government has called for more research on the question of how male circumcision could help stem the transmission of HIV, a strategy that has been implemented in other parts of Africa. The policy is not without its detractors, however. On the one hand, male circumcision has been shown to reduce the risk of transmission by as much as 60 percent. On the other hand, males who are circumcised may no longer use condoms, and thereby practice riskier sex. Godlonton's research, joint with Department of Economics Assistant Professor Rebecca Thornton, is designed to answer two questions: first, will additional information about HIV and circumcision increase the demand for circumcision? And second, will this information



Susan Godlonton and local children in Malawi

increase demand for safe sex among both uncircumcised and already circumcised men? Answers to these questions will emerge from a large randomized trial scheduled for fall 2008.

Coupling on-campus learning with field studies offers graduate students the best in graduate education notes Thornton. "Graduate students receive excellent training at the University of Michigan," she says. "On campus they learn new methods, latest theories, and how to test their own hypotheses from top experts in their fields. In my view, however, for an aspiring development economist, it is essential to spend time getting to know the experts in a different context: talking to people, learning a language, gaining intuitions and insight about what is most important for research. Before running a regression on the impact of fertilizer in Malawi, learn what the fertilizer does and when are the important times to plant crops by talking to farmers. Before studying why parents don't send their kids to school in Nepal, visit schools, talk to children. They are real people who get sick and die too early, need to go to the hospital, worry about food prices, and struggle to make a living. I passionately care about these people and how I can use my research to influence policy to improve their lives."

In a very different research venue, graduate student Melinda Miller (now an assistant professor at the U.S. Naval Academy) asks an equally compelling question: Would economic fortunes have taken a different route had freed slaves been given land? Both Reconstruction Era policy-makers and modern scholars

have argued that racial inequality could have been reduced or eliminated if plans to allocate each freed slave family "forty acres and a mule" had been implemented following the Civil War. Miller discovered that some slaves were the property of members of the Cherokee Nation who, as a result of a post-Civil War agreement, were entitled to a land grant upon receiving their freedom. Miller uses this quirk of fate to show, using a massive, hand-collected database on the Cherokee Nation, that yes, the wealth gaps between the freed slaves with land and those without were substantial, and those effects persisted over time. Miller's results captured national attention, highlighted in the *Atlantic Monthly* and *Slate* magazines.

U-M graduate student Ben Keys also garnered national recognition with his study of U.S. lending practices. In work that perhaps should have been read by the regulators of Fannie Mae and Freddie Mac, Keys and his co-authors (Mukherjee, Seru, and Vig), demonstrated that securitization reduces the incentives of lenders to screen potential borrowers, and that the bundling of mortgages through securitization produces substantially higher default rates.

These are just three examples of graduate research being conducted in the Department of Economics. The importance of graduate education and a concern for escalating costs, was noted in a 1983 report by the Graduate Education Subcommittee of the National Commission on Student Financial Assistance. "The health of the graduate education and research enterprise is one of the most significant educational issues this society faces. The nation depends upon its great universities for most of its fundamental research and for each new generation of scholars and scientists."

Calling graduate education and research "the bedrock of every important area of our national life," it goes on to say that, "most Americans are aware in a general way of the importance of the graduate enterprise to the nation...we may also understand that these developments could not have been conceived, much less realized, without new generations of scholars and scientists making dramatic intellectual progress in areas...The nation's universities, fueled by generous public support for research and a constant stream of talented young scholars intent on pushing back the limits of our knowledge, were the engines of that progress."

A cornerstone of the Department of Economics long-term plan has been multi-year funding for doctoral students. U-M President Mary Sue Coleman's Phase II President's Donor Challenge for Graduate Student Support adds a 50 percent match to any expendable or endowment gift of up to \$1 million per donor. In order for your gift to qualify for the matching funds, you must check the Economics President's Challenge Grad Support Fund or Grad Support Expendable Fund box on the envelope in this newsletter. The President's Phase II Donor Challenge will conclude December 31, 2008 or once \$40 million has been committed University-wide.

If your gift is designated for endowment, distributions from the Fund shall be made in accordance with the University's then existing endowment distribution policy. If the University's endowment minimum is not met, all gifts will be used on an expendable basis for graduate support within the designated unit. Corporate matches for an employee's gift are also eligible for the 50 percent President's match.

Economics PhD 2008 placements

Once again, this year's PhD placements demonstrate the outstanding qualities and accomplishments of the Department's graduate students:

Ron Alquist
Bank of Canada

Soren Anderson
Michigan State University

Nzinga Broussard
Claremont McKenna College

Matias Busso
Inter-American Development Bank

Brian Cadena
University of Colorado-Boulder

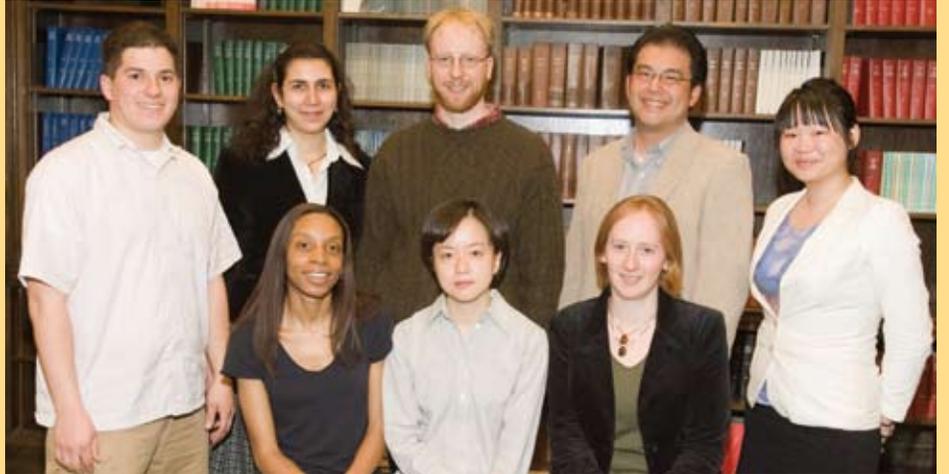
Rosanna Chan
Young Professionals Program, World Bank

Hwa Jung Choi
University of Michigan Medical School

Angus C. Chu
Institute of Economics, Academia Sinica
(Taiwan)

Taryn Dinkelman
Princeton University
Department of Economics
Woodrow Wilson School

Nikolay Iskrev
The Bank of Portugal



Pictured above (l-r) are: (back row) Brian Cadena, Neviana Petkova, Soren Anderson, Isao Kamata, Rosanna Chan, and (front row) Nzinga Broussard, Hwa Jung Choi, and Taryn Dinkelman.

Isao Kamata
Graduate School of Public and Internal Affairs
University of Pittsburgh

Amy M. Gass Kandilov
Research Triangle Institute

Hangyu Lee
Korea Development Institute

Melinda Miller
U.S. Naval Academy
Department of Economics

Neviana Petkova
University of Oregon
Finance Department

Alexandra M. Resch
Mathematica Policy Research
(Washington DC office)

James M. Sallee
University of Chicago
Harris School of Public Policy

Xiaoyan Xu
San Jose State University
Department of Accounting and Finance

Kyoung-Soo Yoon
Research Fellow
Korea Development Institute

Economics PhD Fellowship and Award Recipients

Fellowships and awards that provide financial assistance are an increasingly vital component of the graduate student's ability to afford the cost of pursuing an advanced degree. Listed here are the most recent Department recipients of graduate student support:

RACKHAM PRE-DOCTORAL
FELLOWSHIP:
Ben Keys and Eric Sims

RACKHAM ONE-TERM FELLOWSHIPS
Wenjie Chen Angus Chu
Taryn Dinkelman Samara Gunter
Xinzheng Shi Dan Simundza

OUTSTANDING GSI AWARD
Eric Sims

RACKHAM GRADUATE STUDENT
RESEARCH GRANT
Cagatay Bircan Sebastian Calonico
Annika Mueller Eric Sims
Doug Smith

RACKHAM NON-TRADITIONAL
FELLOWSHIP
Tanya Byker

RACKHAM INTERNATIONAL RESEARCH
AWARD
Jessica Goldberg

RACKHAM YOSSI SCHIFF AWARD
Noam Gruber

SASAKAWA (SYLFF) FELLOW
Sasha Brodsky

W.E. UPJOHN INSTITUTE FOR EMPLOY-
MENT RESEARCH DISSERTATION AWARD
Patrick Kline

BORISH FELLOWSHIP
Lindsay Baker

GAIL ROGGIN WILENSKY FELLOWSHIP
Matthew Rutledge

Faculty News

Hines Testifies Before the Senate Finance Committee

Professor James Hines testified before the Senate Finance Committee on June 26, 2008 during the hearings on international tax reform. In his testimony, Hines noted that “the United States is close to unique



among world nations in taxing foreign income in the way that we do. Not only does the United States subject active foreign business income to domestic taxation, but we do so in a manner that strictly limits the

ability of taxpayers to claim foreign tax credits and to avoid current U.S. taxation of unrepatriated foreign income.” Hines pointed out that this differs from most of the world—including almost all other major capital exporting countries—which exempt active foreign business income from taxation.

Hines advised the committee that the U.S. could learn from the reasoning and example of other nations. “The theory that underlies the policy of capital export neutrality that motivates much of the U.S. worldwide tax system also implies that no nation should ever want to exempt foreign income from taxation. The fact that so many do, and the absence of a groundswell of countries converting their tax systems from exemption systems to worldwide systems that resemble ours, should tell us something.”

Hines said that an efficient international tax policy “would be to do what most of the world does, and exempt active foreign business income from U.S. taxation. Exempting foreign income from taxation would promote efficient ownership of productive assets, domestic and foreign, by American businesses.” In addition, “such a policy would contribute to the vitality of the U.S. economy, the benefits of which would be felt primarily by U.S. workers in the form of greater employment opportunities and higher wages.

“Efforts to move in the other direction by limiting deferral of home country taxes or limiting the extent to which taxpayers can claim credits for foreign tax payments unfortunately would have the effect of

reducing the productivity of U.S. business operations and thereby reducing the welfare of U.S. residents, again primarily affecting American workers,” Hines said.

Hines is the Richard A. Musgrave Collegiate Professor of Economics in the Department, professor of law in the U-M Law School, and research director of the



Assistant Professor **David Albouy** won the 2007 National Tax Association Outstanding Doctoral Dissertation Award for his dissertation titled, “Causes and

Consequences of Unequal Federal Taxation and Spending Across Regions.” Other U-M graduate students

U-M Business School’s Office of Tax Policy Research. He is also a research associate of the National Bureau of Economic Research and the research director of the International Tax Policy Forum.

His complete testimony can be found on the Department’s web page, www.lsa.umich.edu/econ

and faculty to receive this prestigious award since its inception in 1971 are: U-M PhD graduates Patrick D. Larkey (1976), Richard F. Dye (1977), and Professor Jeffrey K. MacKie-Mason (1986 co-winner) for his dissertation completed while at MIT.

Albouy has also been appointed as a faculty research fellow in public economics at the National Bureau of Economic Research.

Department Welcomes Three New Faculty Members

Matias D. Cattaneo received his PhD in economics from the University of California at Berkeley in 2008, where he also earned an MA in statistics in 2005. His research focuses mainly on econometric theory, but he has also worked on several empirical projects. His recent theoretical work has studied efficient semiparametric estimation in program evaluation, optimal inference in the context of instrumental variable models when instruments may be weak, and alternative approaches in two-step semiparametric models to conduct inference robust to the influence of the smoothing parameter choices. Matias teaches econometric theory at the graduate level.



Ryan Kellogg is an expert in industrial organization with particular interests in energy economics and the organization of the oil extraction industry. He received his PhD in agricultural and resource economics at the University of California, Berkeley.

His research examines a variety of topics in energy economics, ranging from the behavior of firms in the oil and gas industry to the effectiveness of environmental policies. His projects have included a study of how long-term relationships between oil production companies and drilling rigs improve the productivity of drilling operations, as well as an evaluation of whether extending Daylight Savings Time reduces electricity consumption (it doesn’t). He is currently investigating the extent to which gasoline content regulations have improved U.S. air quality. Kellogg teaches industrial organization at the undergraduate and graduate levels.

Andrei Levchenko, a specialist in international trade received his PhD in economics from MIT. Prior to his appointment at Michigan, he was a visiting assistant professor at the University of Chicago Graduate School of Business, and an economist with the International Monetary Fund.

Levchenko’s primary research fields are international trade and macroeconomics. His research program examines several relationships that are important for our understanding of the full impact of economic globalization on economies around the world: i) the interplay between international trade and economic institutions; ii) the impact of trade on macroeconomic volatility; and iii) the consequences of financial integration for growth, volatility, and risk-sharing.



Conference Held in Honor Of Gary Saxonhouse

Last December, the Department of Economics, along with the U-M Center for Japanese Studies, and Columbia University's Committee on Japanese Economic



Saxonhouse

Studies, held a conference in Lorch Hall in memory of U-M Economics Professor Gary Saxonhouse.

The conference, which focused on Japan's development and world economic history, and Japanese trade and finance, was a fitting tribute to Saxonhouse who had regularly taught undergraduate and graduate courses on the Japanese economy and trained many of today's American economists who focus on Japan. He also schooled many elite members of Japan's civil service who would spend a year at U-M, away from their high-profile careers, to learn from him.

His early work focused on technical diffusion in the Japanese cotton-spinning industry. Spinning was the first industry that Japan came to dominate in the years before World War II, and Japan's rise in this industry produced many of the same types of political pressures that would be repeated as Japanese industry moved into other sectors in the postwar period. By focusing on the causes and consequences of Japan's adoption and innovation of western technology, Saxonhouse was able



Koichi Hamada (left) and Hugh Patrick, AM '55 asian studies, AM '57econ, PhD '60, director, Center on Japanese Economy and Business, Columbia University.

to understand the causes for Japan's rapid rise, develop important lessons for other developing countries, and deepen understanding of the rise of unique labor market practices such as permanent employment.

At the time of his death in November 2006, he was working on "The Integration of Giants into Global Economy,"

"Good Deflation/ Bad Deflation and Japanese Economic Recovery," and (with his longtime friend Gavin Wright) "Stretching Cotton Fibers around the World: Diffusion, Learning and Competing Paradigms in Spinning Technology."



U-M Economics Professor Warren Whatley

Conference presenters and their topics included: Masao

Nakamura, University of British Columbia, "Business Groups and the Big Push: Meiji Japan's Mass Privatization and Subsequent Growth" (coauthor: Randall Morck, University of Alberta); Gavin Wright, Stanford University, "Japan and the Globalization of Cotton Spinning, 1878-1933" (coauthor: Gary Saxonhouse); David E. Weinstein, Columbia University, "Exporting Deflation? Chinese Exports and Japanese Prices" (coauthor: Christian Broda, Chicago GSB); and Takeo Hoshi, University of California, San Diego, "Listing Policy and Development of the Tokyo Stock Exchange in the Pre-War Period" (coauthors: Yasushi Hamao, University of Southern California and Tetsuji Okazaki, University of Tokyo).

Financial Literacy Expert To Speak at Herman Colloquium



Lusardi

Annamaria Lusardi, professor of economics at Dartmouth College and a research associate at the National Bureau of Economic Research, will participate in the second Herman Colloquium at the University of Michigan. Lusardi is an expert in financial literacy, planning and savings. In her current working paper, "Planning and Financial Literacy: How Do Women Fare?", Lusardi notes that, "women display much lower levels of financial literacy than the older population as a whole. In addition, women who are less financially literate are

also less likely to plan for retirement and be successful planners. These findings have important implications for policy and for programs aimed at fostering financial security at older ages."

Fostering the collaboration of economics and woman's studies, the Herman Colloquium series is made possible through a generous gift from the Herman Family Foundation. Mike and Karen Herman established the foundation in the 1980s to teach their young children about philanthropy.

The November colloquium is coordinated with Women's Studies, the Department of Economics, Ross Business School, Ford School of Public Policy, and Institute of Social Research, as well as researchers from the Health and Retirement Study at U-M. In addition, a large number of undergraduate students will be participating. Economics Assistant Professor Martha Bailey, who has helped organize this event, is the first Herman Faculty Fellow in Gender and Economics. Bailey's research focuses on the interaction between technology, legislation, and public policy in spurring the economic progress of women in the United States during the twentieth century.



Bailey

Janet Wolfe Receives LSA Advisor's Award

After retiring this summer, Economics Department Lecturer and Advisor Janet Wolfe needed to return to campus for one more official duty: to receive the College of Literature, Science, and the Arts Excellence in Concentration Advising Award. Established in 1988, the award is given annually to two recipients.

"Students view Janet as readily available and know that they can count on her to provide thorough, consistent, and clear advice," says Department Chair Linda Tesar. "Her familiarity with the Department, her attention to detail, and her genuine concern for students have all contributed to her long-standing reputation as an outstanding advisor."

Economics Department Faculty Transitions



Chris House has been promoted to associate professor of economics with tenure. House's field of specialization is macroeconomics and his research interests include the impact of durable goods

(fixed capital investment and consumer durables such as automobiles) on aggregate fluctuations and the effects of pre-announced tax policy changes. House is familiar to most of our undergraduate concentrators as the instructor of our core intermediate macroeconomics course. He is also a highly-valued instructor in the graduate macroeconomics curriculum and a sought-after dissertation advisor. House received his PhD from Boston University and joined our faculty as an assistant professor in 2001.



Lutz Kilian received his promotion to professor of economics. Kilian completed his PhD at the University of Pennsylvania in 1996 and was promoted to associate professor with

tenure in 2002. Kilian's area of expertise is econometrics, with a specialization in time-series techniques applied to topics in the area of macroeconomics and finance. His early work developed techniques in bootstrapping and methods for assessing success in forecasting macroeconomic variables, such as the growth rate of GDP or the exchange rate. Kilian is an expert in

Undergraduate students who have been advised by Wolfe, speak warmly of their meetings with her. "I met with Janet Wolfe twice to discuss my concentration, and the two meetings were separated by about four months," recalls student Jon Garshick. "At the second meeting she remembered that at our first meeting I had mentioned an interest in urban planning, and she recalled some non-economics courses I had taken in that area. The fact that she recalled those details about my interests made an impact on me, particularly at a large university like Michigan where students can easily get lost in the shuffle."

"Throughout my time here at the University I have had the guidance of numerous advisors across the board," says Laura Swanson, "yet amongst these mentors, none stands out more clearly in my mind

time series econometrics. More recently, he has become an expert on the oil market and the results of his research (along with co-author Ron Alquist, PhD '08) has been featured on National Public Radio's "Marketplace." Kilian teaches courses in time-series econometrics in both our undergraduate and graduate programs, as well as serving as associate chair of the Department.



George Fulton, AM

'72econ, PhD '79econ, has been named director of the Research Seminar in Quantitative Economics (RSQE) following the retirement of Saul Hymans. Fulton is currently a research professor both at RSQE

and at the University's Institute of Labor and Industrial Relations where he is director of labor market research and a member of the Institute's executive board.

Fulton has been involved in forecasting economic and fiscal activity in the state of Michigan for over two decades. He has co-authored a book on the Michigan regional economies with former U-M President Harold Shapiro, and he is co-director of a project to generate long-term economic and demographic projections for all the counties of Michigan. A major objective of his current research is to explore the regional economic effects of national policies, particularly those directed at the automotive, trucking, and tobacco industries.



than Janet Wolfe. Her encouragement and confidence in me have continuously given me the strength and empowerment to push myself and my abilities here as an undergraduate. I cannot thank her enough for the impact she has had on my experience here at the University of Michigan."

In addition to her lecturer and advising responsibilities, Wolfe was a senior research specialist with the Research Seminar in Quantitative Economics (RSQE) where, since 1986 she participated in the planning and conduct of RSQE's research in econometric model development, managed the database for the U.S. econometric model, and was a regular participant in the preparation of economic forecasts. Wolfe, MPP '80, has an MS in physics from Stanford University and a BA in physics from Oberlin College.

San Francisco Reception

Alumni and friends of the University of Michigan Department of Economics are invited to join Department faculty at a reception during the Allied Social Science Association (ASSA) annual meeting in San Francisco.

**Saturday, January 3
6-8 p.m.**

**Hilton San Francisco
Building #3, 4th Floor
Union Square 14**

Commencement Celebration 2008

It was standing-room-only in Rackham Auditorium this past April when Economics Department faculty, parents, relatives, and friends celebrated the accomplishments of the Department's 2008 graduates. Diane Swonk, AB '84econ and AM '85applied econ, chief economist and senior managing director at Mesirow



Financial in Chicago, was the commencement speaker.

In her remarks titled "Navigating the Dual Economy" she discussed the challenges of income inequalities that are facing us as a nation today. "What better audience to speak to on the nature of the dual economy," she said, "than future policy-makers, those who are best positioned to deal with the problems it creates."

Swonk told the graduates that "economics provided a sense of clarity for the chaos that I endured growing up in the Detroit area during the 1970s and early 1980s. My dad was a General Motors executive, while my best friend's father was a union president. We lived in the same neighborhood and enjoyed relatively similar living standards...all that changed, however, when her dad died in 1978. Her family slipped into poverty while mine continued to prosper." While Swonk was in college, "in 1982, the unemployment rate in Flint, MI, just 40 miles north of where I was first learning the causes of the recession, approached 25 percent, or one in four people.

"It was because of economic hardship, and the realization that much of the pain that we endured could have been avoided, that I became an economist," Swonk said. "That brings me to where we are now. We desperately need the clarity of your economic expertise," she challenged the new graduates, "to not only understand what got us into the current economic crisis, but how to get us out...and make sure it never happens again."



Photos by
Scott Soderberg,
U-M Photo Services



Professor and Chair Linda Tesar and Professor and Director of Undergraduate Studies Jim Adams, presented congratulatory certificates to the graduates as they walked across the stage.

Graduates receiving highest honors were: Dominick Bartelme, Timothy McQuade, Stephanie Rennane, Corina Mommaerts, and



Brian Baisa. Graduating with high honors was Kai Kiat Chooi, and graduating with honors was Ching Yi Low.

Receiving the Sims Honors Scholarship were Dominick Bartelme and Timothy McQuade. The David Bunzel Scholarship was awarded to William Fogel, Corina Mommaerts, and Stephanie Rennane. Harold Osterweil Memorial Prize recipients were Dominick Bartelme, William Fogel, Sonia Isard, Annalisa Leibold, and Abigail Nurse. The Ferrando Honors Prize went to Timothy McQuade and Dominick Bartelme. Receiving the John Elliot Parker Memorial Prize were Corina Mommaerts and Stephanie Rennane.

Alumni News

Art Goldberger, AM '52econ, PhD '58econ "claims credit for the longest lag between first appearance of a research paper and its publication, namely 36 years." His study, "Selection bias in evaluating treatment effects: some formal illustrations", "was circulated as a discussion paper of the Institute for Research on Poverty at the University of Wisconsin – Madison in 1972. It was frequently cited but never submitted to a journal. Now it is the first chapter of the book, *Advances in Econometrics*, vol. 21, edited by Millimet, J. Smith, & E. Vytlačil, being published by Elsevier in 2008." Goldberger is professor emeritus of economics at the University of Wisconsin, Madison.

Alison A. Clarey, AB '67econ writes that she has had "an active general surgical practice for 30 years with emphasis on surgical weight loss including the laparoscopic gastric bypass surgery and the laparoscopic adjustable band. My accomplishments include chief of staff Grandview Hospital in Dayton, Ohio; president of the Ohio Osteopathic Association, president of the American Osteopathic Board of Surgery, and the first woman president of the American College of Osteopathic Surgeons. I have done volunteer surgery in Sierra Leone in West Africa, Madagascar, Romania, South Africa, and most recently in Guatemala for the last seven years. I have received the Phillips Medal of Honor from Ohio University and the *Dayton Daily News* Top Ten Women award. I am a private pilot and have owned a Piper Cherokee Six for 10 years. I have flown in air races and around southern Africa including Botswana, Zimbabwe, and South Africa."

Eric Ball, AB '84econ writes that he is "currently the vice president and treasurer of Oracle Corp. in Redwood Shores, California, where one of my chief responsibilities is to pay for the acquisition of companies by Oracle in this consolidating software sector." Earlier this year, Ball earned an executive PhD in management at Claremont's Drucker School of Management (with a dissertation "Does Market Timing Affect the Exit Choice for Venture-Backed Startups?"), "which represents a continuing effort to remain engaged in both the corporate and academic worlds since getting my undergraduate degree in economics at Michigan in 1984 and my masters at University of Rochester in 1987. I live with my wife Sheryl and two young sons, Spencer and Carter, just outside of San Francisco."

Barry Bluestone, AB '66econ, AM '68econ, PhD '74econ of Northeastern University and **Mary Huff Stevenson**, PhD '74econ of the University of Massachusetts Boston, along with their co-author, Russell Williams of



"I am the only U-M graduate in my family," said James Monroe Walker, '08 econ, noting that he's from Ohio "so Michigan isn't a common choice back home." So when James took part in the Economics Department's Undergraduate Commencement Celebration, 20 friends and family made the trip northward to celebrate with him. The group included James's parents, Pastor Gregory Walker and Patricia Walker (flanking James in the above photo), as well as his grandparents, numerous aunts, uncles, cousins, and friends. This fall James began coursework at the U-M Law School.

Wheaton College, have recently published an urban policy textbook, *The Urban Experience: Economics, Society and Public Policy* (New York: Oxford University Press, 2008). The book description and a link to the Oxford website for further information are: <http://www.oup.com/us/catalog/general/subject/Economics/Urban/?view=usa&ci=9780195313086>

Martha Retallick, AB '79econ, is a graphic designer and photographer in Tucson, Arizona. She recently redesigned her website, which includes numerous examples of design and photographic projects. URL: <http://westernskycommunications.com>

Wook Chae, PhD '90econ has been appointed as the president of the Korea Institute for International Economic Policy (KIEP).

Surendralal (Lal) Karsanbhai, AB '91econ was appointed to vice president & general manager of Natural Gas Technologies, a business unit of Emerson Process Management. He is located in Paris, France. Lal has previously held several roles in Emerson which he joined in 1995 following the completion of an MBA from Washington University in Saint Louis, MO. "I continue to be very excited about my career at Emerson. I am involved in a very dynamic market which offers solid growth and potential in meeting the energy needs of an environmentally conscious world. My wife, Vija, and I enjoy living in France and traveling in Europe."

Doug Wolkon, AB '96econ recently published a book, *The New Game – A strategy to reinvent the American Economy*. Wolkon says that "the book is based on a new economic theory and a new economic system called Pluralism. I self-published the book on Lulu.com to show a prime example of The New Game, as in The New Game entrepreneurs (author in my case) are able to retain the majority of their business profits."

Ellen Tomek, AB '06econ, and her partner in the U.S. women's double sculls placed fifth at the Olympics in Beijing this summer with a time of 7:17.53 (+0:10.21). The U.S. boat was in fifth place through the opening 500 meters, sitting two seconds behind the leader, China. Despite the third-fastest split in the second quarter of the race, the Americans were still in fifth as New Zealand and Germany asserted themselves as the top two teams to beat.



Ellen Tomek, AB '06econ (front) and her partner compete with the US National Team in the above photo.

Faculty and Alumni Enjoy Detroit Event

On a beautiful May evening, Detroit-area Economics alumni gathered at The Whitney restaurant in downtown Detroit to reconnect with fellow alumni and meet with Department faculty. Following a welcome reception, alumni were greeted by Chair and Professor Linda Tesar who shared recent Department activities and faculty/student news. Tesar then introduced Professors Jim Hines and Chris House who spoke on the topic "Good Economics Policy in Bad Economic Times." The event was hosted by Economics Leadership Council members Michael Beauregard, AB '86econ, Ralph Heid, AB '70econ, and Gerald Timmis III, AB '79econ.



Photos by
Kiya Gibbons

We Want to Hear from You...

Submit a Class Note for *MichEcon News*

We welcome news of your recent accomplishments and transitions. Send your class note to: econ-alumnews@umich.edu; fax (734-764-2769); or mail (Economics Alumni News 238 Lorch Hall, 611 Tappan St., Ann Arbor, MI 48109-1220).

Submission guidelines

Include your class year and contact information (e.g. email, phone no., address) • Be specific about the names and locations of companies and schools, and about publication titles and publishers • If you mention other alumni in your note, please give their class affiliations and contact information • Specify if you do not want your note to appear on our website.

Department website: www.lsa.umich.edu/econ



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