

Neuroeconomics: brain scans reveal reasons for altruism

As a small boy, associate professor Bill Harbaugh dreamed of growing up to be a scientist. But after a series of unfortunate incidents in freshman chemistry, Columbia’s dean of students insisted that the eighteen-year-old undergraduate study something with less liability exposure, like maybe economics. Thirty years later, Bill finally snuck back into science—through the back door of psychology.

In June, Harbaugh, professor Ulrich Mayr of the psychology department, and economics Ph.D. student Dan Burghart published “Neural Responses to Taxation and Voluntary Giving Reveal Motives for Charitable Donations” in the prestigious journal *Science*.

The paper looks at how society funds public goods by combining experimental economics and neuroscience. Subjects were given \$100 and had their brains scanned using fMRI while they watched tax-like transfers of the money to a local food bank, and made voluntary decisions about giving the money to the charity or keeping it for themselves. fMRI produces a 3-D movie of brain activity while a person makes decisions.

The scientists showed that paying taxes to support a good cause activates the same evolutionarily ancient areas in the brain that respond to basic rewards like food and sex. In other words, paying taxes can make people feel good.

Second, they were able to classify people as “egoists” or “altruists,” depending on whether their brain responded more to money for



Dan Burghart, Ulrich Mayr, and Bill Harbaugh (left to right) discuss the motives for charitable giving with workers at Food for Lane County

themselves or for the charity. Those who cared more about money going to the charity than to themselves, as measured by their brain activation, were about twice as likely to give money voluntarily.

Third, they found that gifts of money produce more activity in the reward parts of the brain than occurs when people pay the same amount as a tax, so active giving produces an extra neural benefit, which economists call the warm-glow.

It would be tempting to conclude from this latter result that society should rely more on charitable giving, and less on taxes. However, in the experiment, people often decided not to give. This free-riding is why we need taxes.

The paper got attention from the press including front page stories in *The Register-Guard* and the *Oregonian*, and a column in *The New York Times*. It also got picked up by bloggers and talk radio hosts, who ridiculed the claim that people enjoyed paying taxes. (We never

said *everyone* enjoyed it!)

Burghart was able to turn the scientific skills he learned working on this project into a postdoc in neuroeconomics at NYU.

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Greetings from the department head



I have completed my first year as department head and both the department and I remain upright. We continue to have

record numbers of majors and graduate students, which reflects the market's growing appreciation for our discipline and the quality of our faculty.

As good economists, we remain forward looking. Our hope is to provide summer research grants to faculty members so that they might pursue knowledge wherever it takes them. We are extending the Portland, Oregon, Economic Forum to a spring conference in Bend. On the horizon is an undergraduate forecasting class that teaches students how to project the state's economic health.

John Wooden said "It's what you learn after you know it all that counts." Inevitably, life requires a little learning each day. So, come back soon and share with us some of the successes you have enjoyed and the person that you have become. Until then, you can rest assured that we are still here cultivating the human capital investments of the next generation of economists.

Larry Singell, department head

Health economics gets a jump-start

Robin McKnight received her B.A. in economics and Russian, *magna cum laude*, from Amherst College and completed her Ph.D. in economics at MIT in 2002. She joined the University of Oregon as an assistant professor of economics in 2003.

Robin's arrival at the UO has



allowed the department to offer new curriculum in the vitally important area of health economics. With the aging of the baby boomer generation, and the ever-present issues of health care provision and management that must be confronted by public agencies and private citizens throughout this country, health economics is an area of study that will steadily grow in importance. In addition to graduate and undergraduate courses in health economics, Robin also teaches public economics and introductory microeconomics.

Along with her faculty appointment at the UO, Robin is a faculty research fellow in the Health Care Program at the prestigious National Bureau of Economic Research (NBER). With Jonathan Gruber of MIT, Robin has published "Why Did Employee Health Insurance Contributions Rise?" in the *Journal of Health*

Economics. More recently, her solo paper, "Medicare Balance Billing Restrictions: Impacts on Physicians and Beneficiaries," appeared in that same journal, and two other papers have been accepted by the *Journal of Public Economics*: "Home Care Reimbursement, Long-Term Care Utilization, and Health Outcomes," and "What Did Medicare Do? The Initial Impact of Medicare on Mortality and Out of Pocket Medical Spending" (coauthored with Amy Finkelstein of MIT). She has

a coauthored paper under review on "Patient Cost-sharing, Hospitalization Offsets, and the Design of Optimal Health Insurance for the Elderly." Robin describes a key focus of her evolving research agenda as the role of health insurance design in health care usage patterns and health outcomes.

With her husband, Jonathan Reuter, an assistant professor of finance in the UO's Lundquist College of Business (who also earned a Ph.D. at MIT), Robin has two young daughters: three-year-old Abigail and one-year-old Hilary. Robin thus proves to be one of those remarkable and resourceful academic women who can juggle a professional spouse, two small children, a substantial teaching load, and the research demands of an assistant professorship at a Ph.D.-granting public university. We are lucky to have her.

SAIL: Shifting the supply curve for junior economists

In 2006, economics professors Bruce Blonigen and Bill Harbaugh started a program to give local middle-school children from challenging family backgrounds (i.e., lower socioeconomic status) a college experience that would increase their odds of pursuing higher education. The idea is that both society and the university are worse off when otherwise talented children miss out on a college education, and that the right encouragement as these students enter high school can make a genuine difference.

The initial (pilot) camp met for one week in the summer of



with a parent in prison, or moving from one relative's house to another. The camp involved talks and activities to introduce them to some basic economics, provide them with information about college life, and help them pick the right preparatory courses in high school. More than half of the economics faculty members volunteered their time to the camp,

and undergraduate students served as mentors. It was a big hit with the middle-school students.

The program was also a big hit with other faculty members on campus. This summer the economics camp

was offered to twenty new students, and neuroscientists in the psychology department ran a similar camp for last year's economics students. The physics department is lined up to do a third

camp for the initial group next year while we continue the economics and psychology camps. The goal is to have each cohort complete four different summer camps during their high school years.

The university is now actively seeking external funding to expand the new program, which goes by the title Summer Academy to Inspire Learning (SAIL). With enough funding, expansion of the program could include more activities and continuing engagement with the students and their parents or guardians throughout the year, such as student and faculty mentors, and financial aid sessions. It could also allow the program to be opened to many more students, including students from across the state. Finally, it would be wonderful to have the resources to set up financial rewards for students in the program to take active steps to prepare for college, as well as for merit-based university scholarships.



2006 with eighteen students from Springfield Middle School. The students were heterogeneous, but also very bright as a group. Many have also been functioning in difficult circumstances—perhaps

New Mikesell Prize

In memory of emeritus professor Raymond F. Mikesell (who generously endowed a faculty chair at the UO in 1998 and who passed away in 2006), the Department of Economics has established the Mikesell Prize in Environmental and Resource Economics. Awarded annually for the best graduate paper in this field, the prize includes a cash award intended to offset the student's travel costs to present his or her research at scholarly workshops or conferences.

< *Mikesell Lab logo:
Oregon White Oak, oldest tree on the UO campus*



Graduate Program Notes

Fall 2007 began with forty-six graduate students in the UO economics department, with forty of these in the doctoral program. This includes a class of nine first-year Ph.D. students.

Our master's program continues to be strong. We graduated sixteen master's students last year and six new students joined the program this fall. A significant number of our master's graduates use their training to enter doctoral programs, while others find jobs in the private sector or, in the case of many international students, work for their home country's government.

We graduated seven Ph.D. students last year. **Fahad Alturki** has a position at the Saudi Arabian Monetary Agency. **Daniel Burghart** is a postdoctoral fellow at New York University. **William Galose** has a one-year position at SUNY, Fredonia. **Chong-Uk Kim** is an assistant professor at Sonoma State University, California. **Helen Naughton** has a one-year position at Oregon State University. **Paul Shea** is an assistant professor at the University of Kentucky. **Hong Zuang** is an assistant professor at Indiana University, South Bend.

Several former Ph.D. students were recently promoted or moved to new positions. **Oguzhan Dincer** moved from Massey University in Auckland, New Zealand, to Illinois State University. **Joel Carton** is now at Florida International University with a three-year renewable contract. **William Hall** left the U.S. Bureau of Economic Analysis in January 2006 and moved to Economic Research Services, Inc., a consulting firm in Washington, D.C. **Eran Guse** will be a visiting professor at Purdue University in the spring. **Yimin Zhou** moved from Ernst & Young in San Jose to KPMG International.

We are saddened by the passing of three doctoral alumni this spring: **Joseph Blumel** '65, who

taught at Portland State University, **Mohamed Soliman** '02, at the American University of Sharjah, and **Raymond Staepelaere** '62, student of Raymond Mikesell.

This year's best field paper award by a current Ph.D. student went to **Annie Voy** for her paper "The Effect of FDI on Child Labor." Annie's paper looks at the empirical evidence concerning the impact of FDI (foreign direct investment) on the extent of child labor in the host country.

Four Ph.D. students won Kleinsorge Research Fellowships: **Matt Cole**, **Andrea Giusto**, **Erica Johnson**, and **Annie Voy**.

We also place emphasis on cultivating our students' teaching abilities. The Outstanding GTF Teaching Award was shared by **Ryan Herzog**, **Chong-Uk Kim**, and **Hong Zhuang**.

Graduate coordinator **Georgette Winther** continues to keep a watchful eye over all her charges.

Graduate profile: Kevin Henrickson

Kevin Henrickson received his B.A. (*magna cum laude*) in economics in 2001 from Pacific Lutheran University and completed his Ph.D. at the University of Oregon in 2006. Kevin exemplifies the UO's best graduate teaching fellows who go on to academic positions at high-quality liberal arts colleges. Kevin is starting his second year at Gonzaga University in Spokane, Washington, where he has recently been selected for the Gerard Centioli Faculty Excellence Award. The award citation notes that during his first year, in addition to receiving excellent teaching evaluations, Kevin had one of his co-authored manuscripts accepted for publication in the *Journal of Law and Economics*.

At Gonzaga, Kevin advises students interested in obtaining a graduate degree in economics of the wonderful opportunities that he was given at the University of Oregon. According to Kevin, "the quality of the courses offered and the faculty make the UO an easy sell; once I tell them about the fantastic advising and mentoring that I received while I was a graduate student, most students cannot imagine going elsewhere." Currently, there is one Ph.D. student at the University of Oregon from Gonzaga, with another

applying for admission this year.

Kevin specializes in industrial organization, labor economics, and applied microeconometrics. At the UO, he won the 2004 Field Paper of the Year Award. His current research focuses on the interaction of firms, both with other firms and with employees. In particular, he is interested in spatial competition between firms, the effect of regulatory regimes

on labor, and the economics of information and uncertainty as it pertains to worker-firm matching.

Kevin's dissertation was "Labor and Industrial Organization Topics in Transportation Economics: Wages and Deregulation, Spatial Demand and Competition, and Intramodal Rates." His committee was chaired by Wes Wilson, and included Glen Waddell and Bruce Blonigen. His research from 2003 to 2005 was also generously funded by the U.S. Army Corps of Engineers as part of its Navigation Economic Technologies Program.

While Kevin and his wife, Sarah, still hold their time at the UO in a special place in their hearts, they both enjoy living in Spokane as it provides them the opportunity to enjoy hiking, mountain biking, and snowshoeing.



Undergraduate Program Notes

Our faculty's dedication to high-quality teaching continues to be reflected in the strength of the undergraduate economics program at the UO. During the 2006–7 academic year, we saw 200 students graduate with economics majors, and this year is shaping up to be another year of high enrollment, with 450 majors and 175 minors at the beginning of fall term. The numbers of majors per faculty member continues to be one of the highest in the university—efficiency that has allowed the department to increase the number of faculty positions.

An important element of the economics program is the peer advisers, a group of students who advise many current and prospective economics majors and minors regarding graduation requirements. The department offers drop-in hours for peer advising five days each week, as well as a computer lab for homework and research. In addition, the peer advisers prepare a quarterly newsletter, *Utility Times*, which provides an opportunity for them to write about their experiences as economics students. Special thanks go to **Sheena Pietzold** and **Lindsay Steiert** for their work as editors of *Utility Times* during this past academic year.

Once again, the job market proved to be strong for our graduates. Our undergraduate majors have accepted positions with a wide variety of private firms, including Morgan Stanley, EcoNorthwest, Oregon Community Credit Union, Edward Jones Financial, The Energy Trade Association of Portland, and the Confederated Tribes of Grand Ronde. **Emily Trumper**, economics graduate, decided to use her degree in a rather nontraditional way. She moved to the U.K., and after conducting research and

analysis there, she started her own successful IT business in Cornwall. Emily will be attending graduate school in Cornwall as well. We have a number of students going directly into government or service positions, such as the Federal Reserve, AmeriCorps, and Teach for America. And, of course, we have students going directly to graduate school in economics, political science, business, public policy, and law at programs such as the University of California—Los Angeles, University of California—Davis, Miami University, University of Amsterdam, Georgetown University, London

School of Economics and Political Science, and Harvard.

Students continue to make excellent use of internship experiences to explore potential careers. During the past academic year, more than twenty students received academic credit for internships in such places as the Economic Development Administration, Department of Commerce, Washington, D.C.; Nordstrom; Cornucopia Capital, London; and Coldwater Creek. In some cases, internships have turned into full-time positions,

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Alumna profile: Toni Whited

Toni Whited earned her B.A. (*summa cum laude*) in economics and French in 1984 from the University of Oregon. She then went on to earn her Ph.D. in economics from Princeton University. Starting her professional career with a stint as an economist at the Board of Governors of the Federal Reserve System in Washington, D.C., Toni moved on to the academic track upon completing her Ph.D. Her research acumen gained her positions first at Boston College, then the University of Delaware, the University of Iowa, and most recently a faculty chair at the University of Wisconsin as the Kuechenmeister-Bascom Professor of Business. Along the way, she has also broadened her experience (and list of collaborators) through visiting positions at the University of Pennsylvania, the University of Maryland, Northwestern University, and this year at Columbia University in New York City.

Toni's areas of expertise include corporate diversification, liquidity

constraints, and measurement error. In 2005, along with coauthor Christopher Hennessy of UC Berkeley, Toni won the prestigious \$10,000 Brattle Prize for the Outstanding Paper in Corporate Finance in the *Journal of Finance* for their paper, "Debt Dynamics." In the paper, they explore, in a realistic dynamic setting, the effects of taxes and growth on corporate capital structure.

Toni is an avid cyclist, managing a couple of 100-mile rides a summer. She also relaxes by cooking, mostly Spanish, French, northern Italian, and Mexican cuisine. In addition to her facility with French, she is now learning Russian. Upon arrival at the University of Wisconsin, she met a Russian plasma physicist, Gennady Fiksel, and they are now married. Gennady's English is perfect; so Toni has no excuse for not learning Russian. She and Gennady now travel together whenever they can. Between conferences and presentations for either or both of them, they are quickly seeing most of the world.



Undergraduate Program Notes

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and in all cases the internships provided a valuable opportunity to allow students to help shape their education with their future goals in mind. **Henry Shin**, an economics major, spent the summer in Maui working as a financial adviser for Morgan Stanley. Henry will return to this fulltime position with Morgan Stanley after he completes his final term at the UO. Shin commented on his experience, “As summer comes to a close, I approach the last stretch of my internship with Morgan Stanley. It has been stimulating as well as rewarding, and I’m anxious to complete my report on the experience as well as my weekly journal.”

Nineteen students were awarded honors in economics, a distinction that requires a high G.P.A. in upper-division economics courses and a thesis written in consultation with a faculty adviser. In addition to the individual honors thesis, many students earn honors in economics through group projects that stem from a course developed by William Harbaugh and Bruce Blonigen. This important course is a direct result of alumni support, since it was originally funded by a UO Williams Council grant, and it is sustained by a generous donation by alumnus Richard D. Fulmer.

The award for best individual honors thesis went to **Nick Coulter** for his paper titled “Capitalizing on Capital Market Anomalies Using Technical Motivations.” The award for best group honors thesis was earned by **Joe Edgar** and **Eric Gefre** for their work on “University Student Electrical Consumption: Comparison and Analysis.”

Our students continue to be the recipients of many university honors. Twelve economics majors received Latin honors and five were inducted into Phi Beta Kappa.

Undergraduate coordinator **Brenda Crume** conveys her best regards to all of the department’s alumni.

Faculty Notes

Bruce Blonigen is currently involved in research projects exploring the impact of U.S. trade policies, technology transfer by multinational firms in China, and the economics behind foreign firms introducing new products. He presented his research in various venues, including the World Bank and the International Monetary Fund. He enjoys teaching trade and industrial organization, as well as the undergraduate honors course and the middle-school economics summer camp that he coteaches with Bill Harbaugh.

Trudy Ann Cameron, current president of the Association of Environmental and Resource Economists, recently represented AERE at the annual meeting of its European counterpart in Greece. Her research considers distributional effects and the demand for climate change policies (with Ph.D. student Beilei Cai) and family structure effects on parents’ demands for health-risk reductions (with Ph.D. student Erica Johnson). Trudy teaches environmental economics and graduate econometrics. Her “Mikesell lab” continues to thrive with NSF research support.

Shankha Chakraborty’s research focuses on economic growth and development. His recent work ranges from the effect of infectious diseases in sub-Saharan Africa to the economic origins of social organization such as caste and cultural values. His current coauthors are from the Indian Statistical Institute, University of New South Wales, and Louisiana State University. Shankha presented his work at the Public Economic Theory conference, the University of California–Irvine, and Syracuse University. He teaches macroeconomics and development economics.

Ron Davies spent the past year as a visiting fellow at the Institute for International Integration Studies at Trinity College in Dublin, Ireland. He presented at seventeen schools and conferences across eight different countries. He was selected as an international research fellow at Oxford University’s Centre for Business Taxation and became the Policy Watch editor for *International Tax and Public Finance*.

Tim Duy continues to serve as director of undergraduate studies and director of the Oregon Economic Forum. He is launching a new class, Economic Forecasting, to complement the work he has done creating the *University of Oregon Index of Economic Indicators™*. He also started publishing the *Central Oregon Business Index*, a project supported by the *Bend Bulletin*. Tim continues to give presentations on the U.S. and Oregon economies throughout the state, and he is preparing to add a version of the Oregon Economic Forum in Bend.

In 2006–7 **Chris Ellis** presented papers at the Central European Economic Theory Workshop in Udine, Italy, and the Public Economic Theory conference in Nashville. He served as a member of the conference program committees for the International Institute for Public Finance and the Association for Public Economic Theory. He is currently engaged in a research project with John Fender of the University of Birmingham exploring the economic origins of political institutions.

George Evans was a visiting scholar at the Bank of Japan and at the FRB St. Louis. As invited professor at the University of Paris X–Nanterre during September, he gave four lectures entitled “Learning and Monetary Policy.” In Tokyo he

gave seminars at the University of Tokyo, Hitotsubashi University, and the IMES Bank of Japan. He also presented his research at the European Central Bank, the Kiel Institute for the World Economy, Germany, and the IMF Institute in Washington, D.C.

Jo Anna Gray continues to work on the impact of government tax and expenditure policies on income growth and on the economics of nonmarital births. She coauthors with Bob O'Brien (UO, sociology), Neil Bania, and Jean Stockard (UO, planning, public policy and management), and Joe Stone. Jo Anna returns to full-time teaching and research this fall after two years of assisting with the university's decennial accreditation review. She teaches macroeconomic theory and policy at the undergraduate and graduate levels.

Bill Harbaugh published a paper in *Science* (see page 1). He gave a talk about it at the University of Chicago among other places, and he and Ulrich Mayr got a \$500,000 grant from the NIH to do more research into neuroeconomics. Now that he's figured out the science thing he's going to try religion, working on "Project Compassion" with colleagues of the Dalai Lama.

Steve Haynes (with Avik Chakraborty, University of Kentucky) studies the forward premium paradox—the bizarre finding that the forward premium predicts movements in the spot exchange rate, but with the wrong sign. A second project (with Bornali Bhandari of Fitchburg State College) concerns a serious misspecification of models of the trade balance—the exclusion of cross-price effects in both demand and supply linking import and export markets. Steve teaches three online courses: Principles of Microeconomics, Principles of

Macroeconomics, and International Economic Issues.

Van Kolpin's current research focuses on game theoretic analysis, including hybrid nonatomic environments in which "large" and "small" players simultaneously interact. Coauthored research projects also continue with Mark Stater (University of Georgia, UO alum) on strategic behavior in higher education markets and with David Aadland (University of Wyoming, UO alum) on the axiomatic analysis of cost-sharing mechanisms. This summer Van presented his research at the International Conference on Game Theory. He teaches microeconomic theory and game theory.

Peter Lambert works on poverty and income tax design. In spring, he was a visiting professor at the University of Otago, New Zealand, and spoke at a conference in France in honor of Professor S.C. Kolm. In

July, he gave a plenary lecture at the Economic Inequality conference in Berlin. His current coauthors are Lucio Esposito (University of East Anglia, U.K.) and Kinam Kim (formerly PPPM at UO, now Ministry of Health and Welfare, Korea). Peter teaches econometrics, microeconomics, and mathematics.

Nick Magud studies capital controls; financial frictions' effects of (i) exports' volatility on output's volatility and fiscal policy on growth; and (ii) trade policy's historical stages. His presentations include San Francisco Fed, LACEA 2006, and universities and think tanks in Argentina. He was a visiting professor of international finance at UCEMA, Argentina, in 2007. He advised a presidential candidate in Argentina, and his work has been featured in the IMF's semiannual report.

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Alumnus profile: Lonnie Brist

Lonnie Brist earned a Ph.D. in economics from the University of Oregon in 1996. We celebrate his recent promotion to partner at Ernst & Young, LLP.

Lonnie received his B.S. in economics and mathematics at Montana State University in 1991. After completing his Ph.D. at the UO, Lonnie first took a position as an assistant professor of economics at the University of Alabama, where he taught graduate econometrics, undergraduate microeconomics, and industrial organization. His research interests centered on applied econometric research for high-tech industries such as semiconductors and microprocessors.

After just two years, however, Lonnie was wooed away from

academics to take a position as a transfer pricing economist at Ernst & Young, and is now in their San Jose office. Lonnie assists multinational

companies with the strategic planning of their intercompany transactions. His areas of focus are transfers of intangible property, cost-sharing arrangements, trading company activities, manufacturing, and distribution. Specific areas of focus relating to intangible property

include technology, processes, strategic management, mastheads, and call letters.

Lonnie has also maintained his networking ties to the UO. Since he moved to Ernst & Young, UO alumni—both graduate and undergraduate—have joined Ernst & Young.



Faculty Notes

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Robin McKnight's research continues to focus on health insurance, Medicare in particular. In the past year, two leading undergraduate public finance textbooks (Rosen & Gayer and Gruber) added discussions of her prior and ongoing research to their chapters on publicly provided health insurance. Her work has also appeared in the popular press, including a recent *Wall Street Journal* op-ed piece. This fall, she will present a current research project at a seminar at RAND.

Jeremy Piger's current research is focused on business cycle measurement, Bayesian approaches to model comparison, and macroeconomic forecasting. He is currently working with Andy Levin (Federal Reserve Board), James Morley (Washington University in St. Louis), Angela Davis (UO, Lundquist College of Business), and Raffaella Giacomini (UCLA). In the past year, Jeremy presented research at the University of Houston and the International Symposium on Forecasting in New York City. He teaches time-series econometrics and introductory and intermediate macroeconomics.

Larry Singell's research focuses primarily on human capital topics and, in particular, the functioning of the higher education market. He is department head and is teaching a Ph.D. econometrics and labor seminar. He is also serving as the chair of the College of Arts and Sciences dean search committee.

Joe Stone returns from a sabbatical spent working on two research projects. One project focused on changes in fertility versus marriage behaviors in determining birth rates for both married and unmarried women. The other project focused on economic growth and fiscal structures of

U.S. states. Recent papers were published in *Demography*, with Jo Anna Gray and Jean Stockard (a sociologist) and in *National Tax Journal*, with Neil Bania (a UO Ph.D. graduate now in Planning, Public Policy and Management) and Jo Anna Gray. Joe is teaching introductory and labor economics.

Mark Thoma recently finished a paper on the costs of central bank overshooting and undershooting, and he is now examining endogenous trimming in inflation forecasting models. On the

teaching front, Mark has been among the first in the university to use video lectures as part of his classes—for example, his upper-division and master's level course in Monetary Theory and Policy (economistsview.typepad.com/economics740/video_lectures_index/index.html). He also stays busy with his blog, Economist's View, which currently gets around 10,000 unique daily visitors (economistsview.typepad.com).

Anne van den Nouweland is spending a year as a professorial

Undergraduate profile: Doron Fletcher

Doron Fletcher was born in Fresno, California, and lived in Mexico for a while before his family settled in the tiny town of San Acacio, Colorado (population: sixty). Doron was uninspired by his school experience in Colorado, except for the wrestling program, at which he excelled. But he broke his arm in the regional finals during his sophomore year in high school and things went downhill from there. He moved to Eugene, where his mother had relocated, with a plan to start over.

Lane Community College told him he couldn't enroll unless he was both sixteen years old and in possession of a GED. He took the GED the next day and passed it, starting course work at LCC during what would have been his junior year at his old high school.

Doron took almost all of LCC's math classes but couldn't decide what to do next, so he took three years off and worked for an internet-based outdoor company. During that time, he took LCC's introductory economics sequence and loved it, so he moved over to the UO and took economics and math courses nonstop until he finished the requirements for his economics degree.

This year, Doron is finishing the requirements for his math degree and working on the advanced sequence in econometrics. He plans also to do an honors project and get some research experience.

Doron is interested in econometrics, international finance, open economy macro, and especially growth and development, since he greatly enjoyed a class with Nick Magud.

Recently, he spent a month in Thailand and Myanmar (Burma) where he saw firsthand some of the challenges faced by those countries. He hopes eventually to work with an international NGO, the World Bank, or in Africa.

While Doron is building his human capital as an economist and mathematician by maintaining a 3.75 GPA at the UO, he continues to participate in intramural wrestling, recently placing second in a tournament at the UO. Last summer, he also completed a 500-mile bicycle ride from Eugene to Fort Bragg, California (near San Francisco).

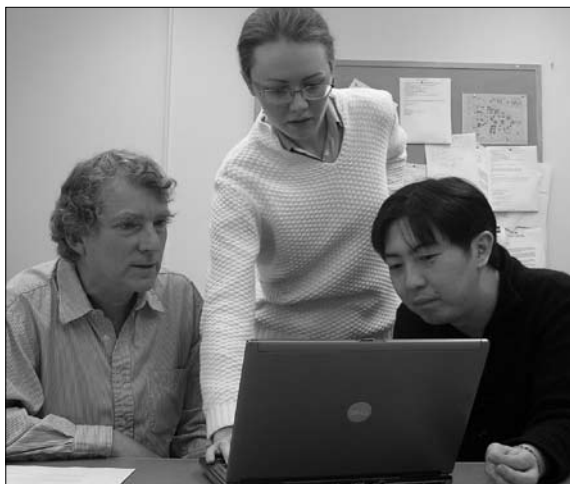
Doron is a wonderful example of how successful economics students at the UO can come from a wide range of different backgrounds.



fellow at the University of Melbourne. She was recently promoted to full professor at the UO. Her research focuses on stability concepts for network-formation games, equilibrium concepts for local public good economies, and relations between strategic and coalitional games. Anne gave seminars at Tilburg University and the University of Queensland, and she presented at the Australasian Economic Theory Workshop, the workshop of the Central European Program in Economic Theory, and the Public Economic Theory conference. She teaches game theory and microeconomic theory.

Glen Waddell was promoted last year to associate professor with tenure. He recently became a research fellow of the Institute for the Study of Labor (IZA) in Bonn, Germany, and a research affiliate of the Williams Project on the Economics of Higher Education. Among other projects, he continues his investigations into the influence of personality on competitive behavior and outcomes. He teaches principles of microeconomics, labor theory, and theory of industrial organization.

Wesley Wilson has been working extensively on issues related to transportation demand, ports, railroad pricing and mergers, and steel markets. He has given presentations in China, Hong Kong, Athens, Valencia, Washington state, St. Louis, and Berkeley. Wes continues to work for the Army Corps of Engineers and was recently invited to join in a major study to examine railroad pricing and capacity issues. He was also appointed to a second Transportation Research Board committee and continues to serve on the Global Task Force for Port Benchmarking.



UO graduate student Christina Steiger shares some of her results with Professor George Evans (left) and Ichiro Muto from the Bank of Japan

During April 2007 Professor George W. Evans was a visiting scholar for the Institute for Monetary and Economic Studies, Bank of Japan, in Tokyo. In addition to giving seminars at the IMES, Tokyo University, and Hitotsubashi University, Evans had numerous discussions with Bank of Japan research economists, produced a report on “Monetary and fiscal policy under learning in the presence of a liquidity trap,” and discussed monetary policy with the director general of the IMES and two members of the Bank of Japan Policy Board. In October the deputy director of the IMES, Ichiro Muto, came to the UO to give a seminar.

Oregon Economic Forum

The fourth annual Oregon Economic Forum was held on October 4, 2007, at the Oregon Zoo in Portland. The event was organized by Tim Duy, director of the Oregon Economic Forum, and hosted by Larry Singell, head of the Department of Economics. UO President Dave Frohnmayer welcomed attendees and introduced this year’s theme, *The Economics of Aging: Is Your Business Prepared?*

Lively presentations and debates focused on financial security in retirement, crises faced by the health care system, changing business models for marketing and product development, and work force issues. More than 250 attendees listened to presenters from a wide range of industries—health care to finance to steel—including a keynote address by Bill Novelli, CEO of AARP.

Novelli noted that while the aging population presents challenges, it also presents opportunities as the growing number of aging baby boomers reshapes our cultural, physical, and economic ideas of aging.

Sponsors included AARP, Providence Health & Services, *Oregon Business* magazine, Colliers International, Oregon Community Credit Union, CareOregon, and Specialty Polymers. A special thank you goes to our Platinum Sponsor, The Regence Group.

We are already looking forward to the fifth annual Oregon Economic Forum. The Economic Forum also contributes to similar events in Eugene-Springfield and Bend-Redmond. Please visit econforum.uoregon.edu for updates and access to the *University of Oregon Index of Economic Indicators™*.

Selected faculty publications

Bruce A. Blonigen, Ronald B. Davies, Glen R. Waddell, and Helen Naughton. * “FDI in Space: Spatial Autoregressive Relationships in Foreign Direct Investment.” *European Economic Review*, Vol. 51 (July 2007): 1303–1325

Daniel R. Burghart,* **Trudy Ann Cameron,** and Geoffrey R. Gerdes, “Valuing Publicly Sponsored Research Projects: Risks, Scenario Adjustments, and Inattention,” *Journal of Risk and Uncertainty*, vol. 35(1) 2007, 77–105.

Shankha Chakraborty, and Tridip Ray, “The Development and Structure of Financial Systems,” *Journal of Economic Dynamics and Control*, vol. 31, 2007.

Ronald Davies and Christopher Ellis, “Competition in Taxes and Performance Requirements for Foreign Direct Investment,” *European Economic Review*, 2007.

Tim Duy, *University of Oregon Index of Economic Indicators™* (monthly); *Central Oregon Business Index* (quarterly).

Christopher Ellis and John Fender, “The Economic Evolution of Democracy,” *Economics of Governance*, forthcoming

George W. Evans and William A. Branch,* “Model Uncertainty and Endogenous Volatility,” *Review of Economic Dynamics*, Vol. 10, 2007, 207–237.

Jo Anna Gray, Jean Stockard, **Joe Stone,** “The Rising Share of

Nonmarital Births: Fertility Choice or Marriage Behavior?” *Demography* 43 (2): 241–253 May 2006

William T. Harbaugh, Ulrich Mayr, Daniel R. Burghart*, “Neural Responses to Taxation and Voluntary Giving Reveal Motives for Charitable Donations,” *Science*, 15 June 2007, vol. 316. no. 5831, pp. 1622–1625.

Bruce A. Blonigen and Van Kolpin, “Technology, Agglomeration, and Regional Competition for Investment.” *Canadian Journal of Economics*, forthcoming.

Ivica Urban and **Peter Lambert,** “Redistribution, Horizontal Inequity and Reranking: How to Measure Them Properly,” *Public Finance Review*, forthcoming.

Nicolas Magud, “On Asymmetric Business Cycles and the Effectiveness of Counter-Cyclical Fiscal Policies,” *Journal of Macroeconomics*, forthcoming.

Amy Finkelstein and **Robin McKnight,** “What Did Medicare Do? The Initial Impact of Medicare on Mortality and Out of Pocket Spending,” *Journal of Public Economics*, forthcoming.

Marcelle Chauvet and **Jeremy Piger,** “A Comparison of the Real-Time Performance of Business Cycle Dating Methods,” *Journal of Business and Economic Statistics*, forthcoming.

Larry Singell and Joe Stone, “For Whom the Pell Tolls: A Test of the Bennett Hypothesis at Four-

Year Universities,” *Economics of Education Review*, forthcoming.

Neil Bania,* **Jo Anna Gray,** and **Joe A. Stone,** “Growth, Taxes, and Government Expenditures: Growth Hills for U.S. States,” *National Tax Journal*, June 2007

Mark A. Thoma, “Structural Change and Lag Length in VAR Models,” *Journal of Macroeconomics*, forthcoming

Christopher Ellis and Anne van den Nouweland, “A Mechanism for Inducing Cooperation in Non-cooperative Environments: Theory and Applications.” *Journal of Public Economic Theory*, Vol. 8 (1) 2006, 23–47.

Glen R. Waddell, “Labor-market Consequences of Poor Attitude and Low Self-esteem in Youth,” *Economic Inquiry*, vol. 44 (1) 2006, 69–97.

John Bitzan and **Wesley W. Wilson,** “Industry Costs and Consolidation: Efficiency Gains and Mergers in the Railroad Industry.” *Review of Industrial Organization*, vol 30(2), March 2006, 81–105.

* denotes current or former UO graduate student.

For other papers and some recent work that may still be in progress, please refer to faculty members’ websites and to the website containing all UO working papers, econpapers.repec.org/paper/oreuocwp.

Pledges and donations

Donations by alumni and others to our department continue to be crucial for supporting students and faculty members in their teaching and research activities. This past year was one of very generous support, and the following is the list of new pledges made

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