

UO Economists Didn't Cause the Recession—but They Have a Lot to Say about It

The recent economic recession has been one of the most significant macroeconomic events since the Great Depression. The financial crisis (or “Great Panic”) that precipitated the recession was shockingly complex, and

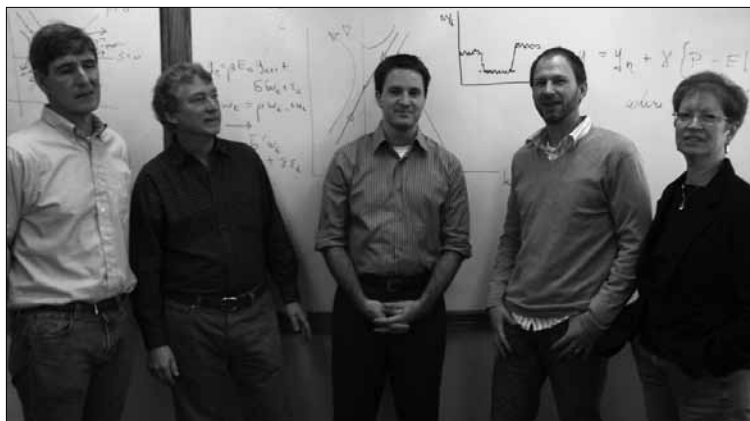
focuses on identifying and tracking recessions. It is appreciated by most that recessions are hard to predict, and the current recession was no exception. What is less well appreciated is that it can also be difficult to determine whether the

economy is currently in a recession, or even whether the economy was in a recession several months ago. For example, even in

statistical models for identification of the beginnings and ends of recessions. He finds that statistical models generally identify new business cycle phases faster than the NBER. Piger has also studied in detail the aftermaths of U.S. recessions, in particular whether recessions have long-run negative effects on the economy’s productive capacity. He finds that most recessions in the post-World War II period have been associated with relatively small permanent negative effects.

In addition to performing research on tracking national recessions, the UO is a leader in tracking regional business cycle episodes. This effort is led by Assistant Professor Tim Duy, who is the author of the “University of Oregon Index of Economic Indicators,” a measure of current and future economic conditions for the state of Oregon. Tim’s index began signaling recession with the November 2007 release of his monthly report. The prediction was out of line with existing forecasts at the time. The Oregonian

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has forcefully demonstrated the important connections between the worlds of Wall Street and Main Street. The recession itself has been deep and prolonged. As of mid-2009, the level of economic production in the United States, or real GDP, had fallen by roughly 4 percent from its previous peak. By this measure, the recession is the deepest observed in the post-World War II era. The response of policymakers to the crises has also been unprecedented, with both Congress and the Federal Reserve enacting massive stimulus packages.

A number of faculty members in the UO economics department have conducted research that is directly relevant for the study of the current recession at both the national and regional level. One area of research

mid-2008 there was substantial debate about whether the economy had yet entered a recession. However, with the benefit of additional hindsight, the National Bureau of Economic Research (NBER) now says the recession began in late 2007. UO associate professor Jeremy Piger has authored several articles in which he develops and evaluates

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Greetings from the department head



Well, let's just say it has been a rocky road for most people since we last wrote you in last fall's newsletter. I guess the good news from the financial panic—for economists—is that

now everyone actually wants to hear what we think. The bad news is that we don't really know—though that doesn't seem to stop the public from wanting our opinion!

Our own university and department financial situation is a bad news—good news story as well. The bad news is that state support is now down to less than 10 percent of our revenues, making us more dependent on tuition and private giving than ever before. The good news is that fall enrollments were very healthy (go, football team!) as the California and Washington university systems went down the tank, raising tuition much more than did the UO. Unlike us, they are not used to living with little state support. So, while our situation is not very good in an absolute sense, we believe we may come out of this relatively better than most universities.

There is some further good news as well. The university was successful in hiring a new president, Richard Lariviere, to replace retiring Dave Frohnmayer. Lariviere comes to us as the former provost at the University of Kansas, and he has quickly impressed the faculty with his energy and academic emphasis. At the department level, the dean's office is responding to the huge increase in majors we have had in recent years by allowing us to hire an additional faculty line or two in the coming year, despite scarce resources. Last year, we were extremely pleased to hire our two top choices for junior faculty positions, Jason Lindo and Nick Sly. You can read more about them in this newsletter.

For us, the constant good news is that we have great alumni whose contributions continue to help us with recruitment (we have to largely fund start-up packages for new faculty members from our alumni donations), retention, research, and instruction.

Thanks for all your support, and I hope that this newsletter finds you and yours in a purely "good news" situation.

Bruce Blonigen

New UO Economics Undergraduate Scholarships

Some of our best students and most successful alumni were late bloomers. It's strange, but not everyone is born knowing they want to be an economist—and even those who were might need to work while going to school, which can cut a bit out of any student's GPA. A recent gift by Alanson H. Kleinsorge has established a UO economics scholarship to reward just such undergraduate students. The scholarship targets low-income students who have growing academic promise. We are proud to announce that this spring's recipient was Cory Brown. Cory struggled some in high school, partly due to having to work a part-time job, and did not get into the UO initially. But he has now worked his way up to a GPA above 3.50 in his economics courses. That's not something we try to make easy! It's very gratifying for our faculty members when we see the "light go on" for a student. Congratulations, Cory, and we look forward to your future successes!



Cory Brown

In addition to this new Alanson Kleinsorge scholarship, we have also been fortunate to receive a second gift dedicated to providing scholarships to UO economics undergraduate students. The Grace Elizabeth Miller endowment will fund an annual scholarship to an undergraduate economics major who is interested in teaching, with special consideration given to women applicants. The faculty is enormously appreciative of these important gifts and the benefits they will provide to our current and future undergraduate students.

New Faculty Profile: Jason Lindo

Jason joined the department as a new assistant professor in September. He received his Ph.D. from UC Davis. Jason is a native of Northern California, having grown up in Vacaville and attended UC Davis as an undergraduate. So this is the first time he has lived outside this "thirty-mile bubble."

Jason's research is in labor economics, more specifically on the economics of the family and on educational economics questions. His job market paper had a provocative title: "Are Children



Really Inferior Goods? Evidence from Displacement-Driven Income Shocks," and will be published in *The Journal of Human Resources*. It explores the causal link underlying the negative relationship between income and fertility. To investigate this, Jason studies the impact of a large and permanent

income shock generated by a husband's job displacement. He finds that the shock reduces total fertility, suggesting that the causal effect of income on fertility is

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UO Economics Professors and Students at Work in the Community

The economics department at the University of Oregon is unusual in the extent to which students and faculty members are engaged in bringing concrete solutions to real problems in our community and state. Here we try to give a better sense of the broad range and reach of these efforts.

Oregon Economic Forum

In 2003 our department started the Oregon Economic Forum, directed by Tim Duy, as a way of increasing the visibility of the significant contributions of our faculty and students and bringing their expertise to bear on key issues of concern to the state. The forum runs an annual event showcasing economic research of interest to the state, with hundreds of participants. The title for this year's event, held in Portland in October, was "The Economy under Obama: Assessing the First Nine Months, Looking Toward the Future."

The forum also is the official home of UO economics assistant professor Tim Duy's UO Index of Economic Indicators. Tim reports leading economic indicators for Portland, Eugene-Springfield, Bend, and Medford, and an aggregate index for the state as a whole. These indicators, which are developed and updated with the help of UO economics students, are regularly featured in statewide and local business news reporting.

How good are these indices? Good enough to cause some trouble. You may have noticed that both the national and Oregon economies stumbled into a financial crisis and deep recession in the past year. The Oregon Economic Forum's index began to signal our region's deep recession months in advance. Tim Duy's advance warnings of a likely recession were widely publicized in the press prior to last fall's general election, and a prominent state official—and we think we'll leave out his name—dismissed the

warnings, saying, "We don't need anyone talking down the state's economy."

Elsewhere in this newsletter we give some current insights from forum director Tim Duy and UO macroeconomists Jeremy Piger and Mark Thoma on the difficulties in anticipating the timing of recessions and continuing issues in the current crisis.

Senior Theses: Economic Analysis of Community Issues

Students in our department's innovative honors course for economics seniors continues to garner local appreciation and acclaim for their help in analyzing and offering solutions for local community issues. Former Lane County commissioner and Oregon Bureau of Labor and Industries director Jack Roberts describes the UO economics department as one of the region's "hidden jewels."

This past year, one team of students in the community issues seminar, Casey Davidson and Stanley Dewsnap, collaborated with Lane Memorial Blood Bank to help the bank serve even more patients with various critical blood supplies and blood products. Their paper received highest departmental honors at last spring's graduation, and their presentation to the blood bank's board of directors was very well received. A number of the student's specific recommendations are either being pursued or are already implemented. The board has already requested a follow-up collaboration with another team of students during this coming academic year.

Another team of undergraduates, Chris Carrothers and Luke Hudson, did an economic impact study of the Oregon Country Fair. The OCF—which started as a countercultural

event in the 1960s—had its fortieth anniversary this year. It's one of Eugene's most famous (infamous?) events, with a big emphasis on communal work and partying. Some people might think it doesn't have a lot to do with regular economics. But our students found that the three-day fair brings in millions of dollars of additional spending to the Lane County area each year, particularly driven by the fact that the OCF attracts so many visitors from outside our area.

The OCF's emphasis on using local suppliers actually creates a



Casey Davidson and Stanley Dewsnap

larger-than-standard multiplier effect of local spending as well. In fact, the per-day spending impact of the OCF was not very far off from the estimates of the impact of the U.S. Olympic Trials on the local economy. The OCF was sufficiently excited about this initial study that they plan on a more formal survey of their visitors next year to further refine these estimates.

Other projects this spring included a statistical analysis of factors that correlate with donations from our UO alumni, estimation of the demand for parking in Eugene's downtown area, and a cost-benefit analysis of a Head Start intervention program for low-income kids and their families. Results from that analysis were shown to Jim Heckman, winner of the 2000 Nobel Prize. Pretty good for a couple of undergraduates!

New Faculty: Nicholas Sly

Nick received his Ph.D. from Michigan State and joined the department as a new assistant professor in July. Nick comes from the Midwest, having grown up in Iowa. So one of the attractions of Oregon for Nick is the close proximity of the mountains, the rivers, and the ocean.

Nick's fields are international trade and applied microeconomics. His research integrates modern trade theory and models of labor market structures, with the aim of tackling some of the big questions in international economics. What are the sources of differences across countries in productivity and in wage inequality? What are the reasons for the empirical failures of the Heckscher-Ohlin theorem, which predicts that countries will export products that utilize their abundant factors of production and import products that utilize the countries' scarce factors?

In his paper "Labor-Matching Behavior in Open Economies and Trade Adjustment," Nick models the determination of firm formation and productivity as arising from the matching of heterogeneous managers into teams. Within a setting of intraindustry trade, he shows that the skill of managerial teams is an underlying source of firm differences. Nick then analyzes the impact of trade liberalization. This is shown to alter the incentives of managers when they are forming matches. As the world economy becomes

more globalized, large firms are able to hire more skilled teams, i.e., to skill-upgrade and realize productivity gains. The process of trade adjustment is consequently driven primarily by competition between domestic workers seeking matches rather than competition between foreign and domestic firms in product markets. This has some striking implications. For example, overall wage inequality rises as trade costs fall. Gains from trade are woven between worker ability and job type.

The theme of the importance of heterogeneity of skills and labor supply decisions plays a key role in Nick's other research papers. In his paper "International Productivity Differences, Trade, and the Distributions of Factor Endowments," Nick explores the implications of his approach for the Heckscher-Ohlin puzzle. Different dispersions of labor skills across countries lead to international differences in factor productivity, or absolute advantages, because dispersion erodes factor productivity as workers consummate poor matches. The shape and size

of factor endowments thus jointly determine the pattern of comparative advantage across countries. Countries export their abundant factors, as long as their labor forces organize effectively.

In another paper, Nick shows how the composition of labor market turnover influences intraindustry trade patterns. His analysis shows, for example, that high job turnover hinders industry adjustment following trade liberalization.

This fall, Nick is teaching

Economics 101, Contemporary Economic Issues, an introductory course that shows students how to examine public policy issues using economic principles. Nick has chosen to focus on health-care policies and on the financial crisis, which should generate considerable interest and debate. Next quarter he will teach the graduate course in international trade.

Nick typically commutes to work from his home in the southwest hills by bicycle. The old guard in the department is a bit skeptical as to whether this mode of transport will survive into the winter.



Graduate Program Notes

The 2009–10 academic year is off to an auspicious start for our graduate programs, with a bumper crop of fifty-four graduate students enrolled. Forty-one of these are doctoral students, including a large first-year class of thirteen students.

With mixed feelings we said goodbye to the five Ph.D. students who completed their doctoral training over the past year. While we will miss them, we are pleased to report that they did very well in last year's job market. Gonzaga University hired three of our graduates—Erica Johnson, Ryan Herzog, and Annie Voy—and is now home court for Annie's and Ryan's new baby as well. Our other two graduates set their sights on more distant horizons. Christina Steiger begins her career at Northeastern University this fall, and Matthew Cole at University College, Dublin.

There were a number of noteworthy achievements by our Ph.D. students this past year. This year's Best Field Paper Award was shared by Andrea Guisto, for his paper "Bounded Rationality, Econometric Misspecification, and Wealth Inequality in the Macroeconomy," and John Kandrac, for his paper "Bank Loan Portfolio Management and the Balance Sheet Channel." Two students received Mikesell Research Paper Awards: Eric Duquette for his work on "Subjective Difficulty of Discrete Choice Tasks" and Eric Gaus for "Optimal Depletion of Resources with Endogenous Technology." Three students won Kleinsorge Research Fellowships this past summer: Anna-Maria Aksan, Andrea Guisto, and Eric Gaus.

Cultivating teaching skills is a priority in our doctoral program. Accordingly, we recognize the best of our excellent graduate teaching fellows at commencement each year. This year, Outstanding GTF Teaching Awards were given to Eric Gaus, Andrea Guisto, and Peter Williams.

Finally, nine students completed master's degrees in our department this year: Mark Feldman, Hong Guo, Erik Lehr, Matthew Millar, Matthew Taylor, Mark Campbell, Lance Kaufman, Ehud Abadi, and Arnd Klein. 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.

Jason Lindo...

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positive. A model that incorporates the time cost of children and assortative matching of spouses can simultaneously explain this result and the negative cross-sectional relationship.

His second area of research is the on impact of academic probation. Jason began this research as a natural application of an econometric technique known as "regression discontinuity design." In undertaking this research, he discovered that there was a huge void in the literature on the impact of academic probation on the outcomes of students subject to this disciplinary device, despite its widespread use in almost all universities and colleges. The paper "Ability, Gender, and Performance Standards: Evidence from Academic Probation" uses data from a "large Canadian

university" to investigate the impact of academic probation on outcomes. Jason and his coauthors find that being placed on probation at the end of the first year discourages some students from returning to school, while improving the GPAs of those who do return. They also find negative effects on graduation rates, particularly for students with the highest high school grades. Another intriguing finding is the heterogeneous responses across prior academic performance, gender, and native language. For example, they find that academic probation doubles the probability that men drop out but has no such effect on women. This paper will be published in one of the new AEA journals, the American Economic Journal: Applied Economics.

His other research areas include intergenerational mobility, the impact of parental income on the

outcomes of disadvantaged youth, and the effects on infant health of parental job loss.

Jason is currently teaching Issues in Labor Economics, EC 451, a course aimed at economics majors who are in their junior or senior year. Students are asked to use applied econometric tools to investigate issues concerning poverty, the determinants of economic success and the economics of the family. The course emphasizes how to use statistical techniques to make causal inferences in the context of these topics. This year he will also teach a graduate course in labor economics.

Within the space of three months, Jason received his Ph.D., got married, moved to Eugene, and bought a new house. His website states, "According to scientific tests, if I were a superhero I would be Spider-Man; if I were an action movie villain I would be Agent Smith; and if I were a famous leader I would be Gandhi."

Graduate Student Profiles

As you read through the graduate program notes for this year, you would not be blamed for wondering just how dry and monastic an existence the typical graduate student in economics leads. Consider their research topics: Bounded rationality? Subjective difficulty of discrete choice tasks? Don't be misled. Dissertation topics are not as dry as they may appear on the surface, and when our graduate students do look up from their screens, they lead enviably varied and exciting lives. Three of our senior graduate students took a few minutes from busy schedules to provide reassurance on these points.

David Wozniak, who hails from the Canadian Rockies and received his undergraduate degree from the



University of Calgary, gave up a career as an Alpine ski racer to go to graduate school in economics. Obviously, Dave is a rational decision-maker. As part of his doctoral studies, he is conducting research on information, biology, and individual decision-making. The translation? Dave is studying the effects of hormone fluctuations due to the female menstrual cycle on entry into competitive environments (i.e., tennis tournaments). When studying hormonal women grows dull—by the way, Dave's significant other is a professional tennis player—he ventures onto the tennis court himself, plays some hoops, or

subjects himself to a pummeling by **Eric Duquette** in the game of table tennis.



Eric, another of our senior graduate students, is a nationally ranked ping-pong player. When not otherwise occupied (rare, of course), Eric enjoys kicking back with a home brew concocted by one of the department's master brewers—which brings us to Andrea. **Andrea Giusto** is from Italy and received his *laurea* (i.e., bachelor's) degree in financial



economics from the Università di Bologna. As soon as he graduated in 2002, the dot-com bubble burst! Whether bad luck or a moment of destiny, Andrea consequently lost all of his faith in the gods of the efficient market hypothesis, and turned hopefully to economics after having worked in the private sector for little more than one year. His current research focuses on issues of heterogeneity in macroeconomics and the evolutionary dynamics of financial markets. He also has interests in wealth inequality and learning. According to Andrea, he likes to

embarrass himself by playing the violin. And, as an essential activity toward his degree in economics, Andrea brews beer.

Finally, lest you think that students of the dismal science lack interest in travel or the fine arts, we will briefly introduce you to **Silke Friedrich**, a native of Germany who received a *vordiplom* in economics from Universität Konstanz in 2003, then took courses at the Université Paris Descartes, and finally worked for the Organisation for Economic Co-operation and Development before joining our cadre of doctoral students. Silke



specializes in political economy issues and international economics. Her current research focuses on the evolution of economic rent-seeking and the role of demographics in voting for trade. Photography is one of Silke's hobbies, and you can see some of her work from her department home page at www.uoregon.edu/~sfriedri.

Undergraduate Notes

Our alumni end up with all sorts of interesting lives. We would love to hear more. Please e-mail Brenda Crume at bcrume@uoregon.edu with any updates!

Reva Shrestha '04 left a job at Standard and Poors in New York City and is now working in Bangkok as a translator for Nepali refugees. She writes:

My work as a translator-interpreter for Nepali refugees in Bangkok has probably been the most challenging and satisfying. The people I have met here have horrible



tales to tell, yet they are so happy and hopeful. In fact, I think they have given me a lot more than I have to them. Bangkok is a huge hub for refugees

from all over the world because Thailand has lax restrictions on who can get tourist visas to come into the country. I am currently working with a few Nepali refugees who came to Asylum Access (a nonprofit based out of San Francisco that provides free legal services for refugees around the world) for help to get asylum visas to immigrate to host countries—the U.S., Europe, or Australia.

The political situation in Nepal is getting better, but because of the political turmoil in the last decade, poverty in villages has skyrocketed. Many villagers have abandoned their hometowns in search of a better, safer life and have headed to the cities like Kathmandu and Pokhara, or if they can pay a man-power agency, they go abroad to India, the Middle East, and Southeast Asia as construction workers or housemaids. The refugees I deal

with are mostly women who have been trafficked to India by people they know (uncles, aunts, family friends, lovers, or husbands—yes, even husbands) with the lure of getting them housemaid jobs and/or starting a new life. These women are so naive that they only realize they have been sold into prostitution after being abandoned in some house in Delhi or Bombay. Their passports are taken away from them and they have nowhere to go. So they are forced to work at brothel houses in order to earn their freedom. It's heart-wrenching. The women are highly traumatized victims, so it means a lot for them to tell their stories. I try to do my best to remain true to their words while translating. Working with them has definitely been challenging, but very rewarding at the same time.

Dawn Coleman '08 is, simply put, a classic example of the success of our recent alumni. She was born to a family of UO Ducks and grew up in Beaverton, Oregon. In spring term of her freshman year, she realized that economics was a great way to combine her interests in business and government, and she never looked back. Dawn says that although economics is challenging, and perhaps even intimidating at first, "My professors made these topics so accessible and interesting, I really enjoyed my undergrad course of study."

Besides majoring in economics, Dawn also took advantage of a relatively new program at the UO called Professional Distinctions. The program works with students across the university to get them ready for life after college by exploring possible career tracks through internships, Career Center workshops, and additional course work. In Dawn's case, she completed a minor in planning, public policy and management to complement her economics major and also interned at the Oregon Facilities Authority,

a public agency that helps Oregon nonprofit organizations generate revenues from tax-exempt bonds.

While taking a Career Center workshop during her senior year, she found out more about Progressive Casualty Insurance Company and soon had an interview with them at a UO Career Fair. Within a week of her graduation from the UO in spring 2008, she received a job offer from Progressive and is now a claims adjuster for them in Concord, California. Dawn is really enjoying her new job in the Bay Area and says there is "never a dull day," which sounds to us like the perfect start to a successful career.

Sharanya Kanikkannan reports from Yale:

Classes are in swing in my second year at Yale Law School, and I'm settling in after a fantastic summer. I interned abroad in Sierra Leone, working with a legal arbitration and mediation program providing free paralegal services to residents of underserved towns, and helped negotiate cases involving employment disputes, domestic violence, and criminal detention while learning about the local customary law system. I'm currently taking classes in land use and the comparative law of terrorism, among others, classes in which my background in economics is serving me well. I've worked with a student group proving direct legal services to our Iraqi refugee clients in Jordan, and participated in several student-run publications, including editing articles for the Yale Journal of Law and Feminism. Life on the East Coast is taking some time to get used to, and I'm awaiting the impending blizzards when winter strikes a few short weeks from now. Though I still miss the open green spaces on our beautiful UO campus, law school has been exciting and challenging, and I look forward to the coming year.

Faculty notes

Bruce Blonigen survived his first year as department head and found that it wasn't so bad. His recent research explores various aspects of the internationalization of production in the automobile industry, from measuring how much U.S. consumers gain from the introduction of new auto varieties by foreign manufacturers to understanding which varieties foreign manufacturers decide to produce in the U.S. He recently presented his work at various venues, including Columbia University, the National Bureau of Economic Research, and UC Irvine.

Trudy Ann Cameron has been appointed to the board of directors of Resources for the Future, the leading nonprofit environment policy research organization in Washington, D.C. She also organized eleven sessions for the Association of Environmental and Resource Economists at the 2009 Western Economic Association meetings. Research in the Mikesell Lab with current and former UO Ph.D. students presently includes demands for publicly funded health treatments (Ryan Bosworth), demands for own-health-risk reductions (Erica Johnson, Peter Stiffler), extreme weather events and migration (Eric Duquette), and demands for humane treatment of livestock and poultry (Brian Vander Naald).

Shankha Chakraborty continues his work on the macroeconomics of health. Ongoing projects examine the impact of Africa's AIDS crisis and dramatic health improvements in nineteenth-century U.S. and western Europe. A new area he has recently started exploring is the role of culture and social norms in developing societies. Shankha presented his work at two conferences last year and was named associate editor of the journal *Macroeconomic Dynamics*. One of his previous published

works was acknowledged by the *Journal of Economic Theory*, a top economics journal, as among its twenty most cited articles published during 2004–8. Shankha will serve as the department's graduate director for the coming year.

Tim Duy continues to expand the efforts of the Oregon Economic Forum. In addition to the indexes of economic activity he creates for Oregon and Bend, he now compiles quarterly reports for Lane County and the Portland Metro region. The recession has increased demand for his services, and he frequently presents economic updates to business and community groups throughout Oregon. Tim also continues to blog for Associate Professor **Mark Thoma's** blog, *Economist's View*. He is busy finalizing plans for this year's Oregon Economic Forum, an assessment of the first nine months of the Obama Administration, scheduled for October 22 in Portland.

Chris Ellis presented papers at the Royal Economic Society and Association for Public Economic Theory conferences and at the Central European Program in Economic Theory workshop. His paper with Glen Waddell and Oz Dincer, "Corruption, Decentralization, and Yardstick Competition," was accepted for publication at *Economics of Governance*. He continues to work on topics in political economy, especially those involving the economic origins of political institutions. He is also engaged in a research project looking at the economic foundation of the lobbying industry.

George Evans presented his research at the IMF conference on macroeconomic policy following financial meltdowns in Washington, D.C., in April, the Paris School of Economics in June, the Centre for Dynamic Macroeconomic Analysis conference at the University of St.

Andrews in September, and the Swiss National Bank conference on financial markets, liquidity, and monetary policy in Zurich in September. He also coorganized a Stanford Institute for Theoretical Economics workshop, "When Are Diverse Beliefs Central?" at Stanford University in August. Recent publications include papers in the *European Economic Review*, *The Economic Journal*, and the *Annual Review of Economics*.

Jo Anna Gray continues to work on the impact of government tax and expenditure policies on income growth. She coauthors with Neil Bania (UO, planning, public policy and management) and **Joe Stone**. Jo Anna teaches macroeconomic theory and policy at the undergraduate and graduate levels.

Bill Harbaugh has been spending most of his time researching neuroeconomics, using a super-cooled, superconducting MRI brain scanner to measure neural activity while people make economic decisions. Many economists are skeptical of the idea that neuroscience will lead to new insights about economics, and Bill says he is, too—but we won't really know until we try it, will we? He has several grad students and undergrads working with him, and just spent six months on sabbatical working at neuroscience labs in France and Italy, and then two weeks at neuroimaging school at UCLA.

Stephen Haynes recently published two papers in *Economics Bulletin*. One, with **Joe Stone**, predicted a close Obama victory in the 2008 presidential election, demonstrating that voters in higher-income states focus on inflation, the stock market, and national security, whereas voters in lower-income states are concerned only with economic growth. The second paper, with UO alum Avik Chakraborty, presented a reconciliation of one dimension of the forward premium

paradox. In addition, Steve (with **Bruce Blonigen**) defended a partial challenge to their earlier antidumping paper in a forthcoming reply in *The American Economic Review*. Steve continues teaching intro econ courses online.

Van Kolpin's research focuses on game theoretic analysis, including asymmetric information games and hybrid nonatomic environments populated by both "large" and "small" players. In the past year he has published research papers on these subjects in *Mathematical Social Sciences and Economics Bulletin*. This spring term Van will be introducing a new upper-division course on law and economics that employs game theoretic principles to the design and analysis of regulatory law.

Peter Lambert has been appointed by the senate of the University of Ljubljana, Slovenia, to an economics Ph.D. assessment committee. He spent a week at Statistics Norway in March, planning joint research, and in June taught a course on the distribution and redistribution of income in the M.A. program at the International School of Economics at Tbilisi State University, Georgia. Peter is teaching mathematics, econometrics, and advanced microeconomics at the 400/500 levels this year. He is currently researching the poverty, inequality, and growth nexus using various parametric models of the income distribution.

Jason Lindo—See the feature articles on our new assistant professors.

Jeremy Piger's current research focuses on measuring and forecasting the business cycle. In the past year his research was published in several outlets, including the *Journal of Money, Credit, and Banking and the International Journal of Central Banking*. He spent part of his summer as a visiting scholar at the International Monetary Fund, and presented his research at the

Federal Reserve Bank of St. Louis, the International Monetary Fund, and the NBER-NSF Time-Series Conference.

Larry Singell's research focuses primarily on human capital topics, particularly in higher education. A paper published this year with former graduate student Brad Curs shows that the price-responsiveness of students decreases with need and ability. These results are used to simulate and show that public institutions are incapable of successfully following their elite private counterparts in adopting a high tuition–high aid policy. Also, a recently published paper with former colleague Dan McMillen models and empirically demonstrates how tax limits and court-ordered reform affect the distribution of school-district-level expenditures in K–12. Larry is currently serving as associate dean of social sciences.

Nicholas Sly—See the feature articles on our new assistant professors.

Mark Thoma continues his research on monetary policy. His most recent papers examine how changes in the parameters of the Taylor rule affect the magnitude and duration of output fluctuations, and how the response of housing starts to monetary policy shocks varies with these same parameters. During the year, Mark gave talks at Cornell University, the Milken Institute, and the Kauffman Center for Entrepreneurship, and he will be at a conference in Munich later this fall to discuss the state of macroeconomics. Mark also continues his blogging activities, he appeared frequently in the national media to talk about the economic crisis, and his blog was named one of the top blogs in economics by *The Wall Street Journal*.

Joe Stone is recovering well from a stroke, and this year taught the senior honors thesis course for econ majors with **Bruce Blonigen**. His students completed research

projects on the operational efficiency and sales revenues for the collection and distribution of blood and blood products by a local blood bank, and on demand for parking at downtown parking garages. He also continued research projects on the role of state and local taxes in determining economic growth, and chaired a campus committee to initiate a newly revised general social science major.

Anne van den Nouweland continues her work in economic theory. She served on the program committee of the Central European Program in Economic Theory workshop and is expanding her involvement in public economic theory through her own research as well as through serving on the editorial board of the *Journal of Public Economic Theory* and on the program committee of the Association for Public Economic Theory conference. Her research focuses on stability in network formation, equilibrium for local public goods, and axiomatic approaches to coalitional problems.

Glen Waddell's recent research has explored how adolescent sexual activity is contributed to by peer's alcohol consumption. In particular, he has found that girls are inclined to engage in earlier sexual activity when their male classmates are inclined toward drinking. This continues a line of research relating to adolescent behaviors and the influence of peers. In another line of research, Glen is investigating the matriculation and attrition patterns of low-income students. Glen has just returned from a fall-term visit to Scotland and Ireland. He continues to serve as a coeditor of *Economics of Education Review*.

Wesley Wilson continues his research for the U.S. Army Corps of Engineers, where he has been a visiting scholar and technical adviser since 2003. He was recent invited to advise and conduct for the Surface Transportation Board (formerly, the

Faculty notes

Interstate Commerce Commission). He continues his activities in the Global Alliance for Port Benchmarking. He also continues on the editorial boards for four different journals in industrial economics and transportation, and is on the program committees for the Industrial Organization Society and Transportation Research Forum. He continues to travel extensively, giving several seminars and conference presentations both domestically and internationally.

We also received notes from two econ professors who have recently left UO for riskier lives shark-diving and working for the IMF.

This past year **Ron Davies** (now at University College, Dublin, in Ireland) published four articles and presented at eleven seminars and conferences. While skipping the award ceremony at the International Institute for Public Finance conference in Cape Town, South Africa, to go cage diving with great white sharks, Ron was awarded the institute's prize for best young economist. We're not sure which is more amazing—that Ron still has all his fingers or that he still counts as young.

Nicolas Magud has left the department to join the International Monetary Fund as senior economist, currently working on

the Chilean economy. His new responsibilities deal with advising the Chilean authorities on designing and managing the country's macroeconomic policy. In the process he is also involved in producing supportive, policy-oriented research, and has recently published an article on exchange-rate selection in the Journal of Macroeconomics. Nicolas is currently enjoying the combination of writing policy-oriented scholarly work at the same time that he is involved in "on-the-field" implementation of macroeconomic policy, yet missing his purely academic years at Oregon.

UO Economists...

continued from page 1

reported that some economists, such as Joe Cortright of the Impresa consulting firm, remain skeptical concerning indexes. "They're the sort of things," Cortright said, "that have correctly predicted six of the last two recessions." But the UO index correctly foreshadowed a very severe recession where, once again, Oregon's unemployment rate rose to just one notch below Michigan's, the national leader.

Over the following two years, Tim has given numerous presentations to a wide array of business and policy leaders in the state, offering his assessment of the evolving economic situation and outlining the economic risks and opportunities lurking in the future. The UO index continued to decline through the summer of 2009, but Tim sees light at the end of the tunnel. "The pace of deterioration in the index slowed dramatically during the summer months, similar to behavior that predicted the end of the 2001 recession. If the index continues to follow the pattern of the previous recession, we should emerge from recession in the fall or winter of 2009." Let's keep our fingers

crossed. To follow the UO index, visit econforum.uoregon.edu.

Another area of UO research is relevant for the proper response of policy in a recession. A typical reaction of modern central banks to a recession is to lower interest rates in order to stimulate borrowing and spending. However, this type of monetary policy is limited by the fact that nominal interest rates can't be negative. While usually not an issue, this so-called "zero lower bound" can quickly become relevant in very deep recessions, such as the one we are currently experiencing. UO professor George Evans has studied these situations in detail using theoretical models of the macroeconomy. He finds that without augmentation of traditional interest rate policy, the economy can spin into a spiral of falling output and deflation. His primary recommendations are that fiscal policy should react aggressively in such situations by enacting large, but temporary, spending programs to replace declining private sector demand. Of course, this will lead to increases in fiscal budget deficits in the short run. As a result, policymakers need to be prepared to rein in spending as the economy recovers.

UO associate professor Mark

Thoma rose to national prominence via his blog, Economist's View. Mark tackled a wide range of policy topics during the crisis, providing insight into appropriate monetary and fiscal policy in response to the most severe economic downturn since the Great Depression. He testified to the Congressional Oversight Panel, and his opinion was sought by dozens of media outlets, including The Washington Post, The New York Times, and Bloomberg media. His blog is in the top ten economics and business blogs, ranking near the blog of Nobel laureate Paul Krugman. The Wall Street Journal recently reported, "This blog is one-stop-shopping for the most interesting economic news of the day. . . . The combination of original posts by Messrs. Thoma and Duy and the overarching look at the daily news makes it a must-read." Mark has also become a conduit for a raging debate between "freshwater" and "saltwater" macroeconomists, the former following a tradition of real business cycle models that find no role for fiscal or monetary stimulus, while the latter group pursues the "New Keynesian" direction. He has recently been invited to a conference in Germany to stand alongside some of the most noted names in the field to offer his views on this debate. Mark's blog can be found at economistsview.typepad.com.

Pledges and donations

Pledges by alumni and others to our department continue to be crucial for supporting students and faculty members in their teaching and research activities. We continue to be honored and humbled by the generous giving our department receives. The following is a list of contributions received from September 1, 2008, through August 31, 2009 (our apologies for any inadvertent errors or omissions).

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Help Us Straighten Out Our Teaching Evaluations!

Every quarter after faculty members have finished grading the students, we get back their evaluations of our teaching. This spring our new department head, Bruce Blonigen, left his window open and a breeze

mixed up all the papers. So, we're asking for your help: draw a line to match the professor with his or her evaluations. We'll post the consensus answers on the department website before the holidays!

Bruce "Trade War" Blonigen
Shankha "Devo" Chakraborty
Tim "Extrapolate" Duy
Chris "Revolt" Ellis

George "Update" Evans
Jo Anna "Menu" Gray
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Peter "The York" Lambert
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Joe "Groovy" Stone
Mark "Blog" Thoma
Anne "van den" Nouweland
Glen "Glen" Waddell
Wes "Trains" Wilson

Speaks good English, for a Brit.

I'm not sure if Professor X or time-series econometrics has had more impact on my life.

Not that bad.

In 201 I learned no one has a comparative disadvantage in everything. Professor X convinced me that's wrong.

Ridiculously smart, and a little kooky.

Too smart, he needs to dumb it down.

Squarest-looking professor I've ever had. He looks just like Steve Garvey.

Before I took this class, I had no idea what an eigenvector was or what to do with one. I now have an answer to the second question.

I'd recommend to a friend, unless they are easily confused.

Getting your butt kicked helps the learning process.

Your e-mail responses were so prompt I was worried you might be living in front of your computer.

The instructor was unavailable via e-mail over the weekends.

X was always having me in his office, trying to explain what is going on in the class.

This professor taught me that I need a new major.

I am pretty sure you are not allowed to insult politicians in class, even if you do have tenure.

Dude, my roommate was so wrong about this class.