Ginther Receives University Scholarly Achievement Award

In recognition of her latest groundbreaking research, KU Economics Professor Dr. Donna Ginther was presented with a prestigious University Scholarly Achievement Award (USAA) in May at a special ceremony at Spooner Hall.

She had previously made national news in August 2011 as the lead researcher behind stunning findings regarding the likelihood of black applicants to receive National Institute of Health grants (see Fall 2011 edition of KU Economist). The study (“Race, Ethnicity, and NIH Research Awards”) found that even after controlling for applicants’ educational background, country of origin, training, previous research awards, publication record, and employer characteristics, blacks were 10 percentage points less likely than whites to be awarded certain NIH research funding. Dr. Ginther was quoted extensively by the New York Times and USA Today; and gave interviews to PBS and National Public Radio.

The USAAs are specifically designed to recognize mid-career scholars who have made significant research contributions to their fields. Winners are chosen for contributions that advance the field of scholarship, exhibit novelty and originality, promote scholarly and research activity at KU, and enhance the university’s national and international reputation. Nominations come from fellow faculty at KU and from other colleagues across the nation.

In her remarks, KU Chancellor Bernadette Gray-Little noted that the overall strength of Dr. Ginther’s research throughout her career has been enhanced by its contribution to three interrelated areas: academic labor markets, science, and innovation; the effect of family structure on children’s socioeconomic outcomes; and wage inequality and unemployment.

The ceremony honored Ginther and four other recipients as the 2012 recipients in just the second year of the USAAs.

“As a research university, KU is responsible for the discoveries and innovations that improve lives, create jobs and help us understand our world,” the Chancellor said. “KU faculty members improve our world every day through their teaching and scholarship. This award recognizes the value of those achievements to the state, nation and world and honors some of the world-class professors we have here at KU.”

Dr. Ginther also was one of six KU faculty members to be honored at Commencement with a distinguished teaching award. She was named recipient of the Byron Shutz Award, which was founded in 1978 to honor exceptional teaching in economics and business. As winner of the Shutz Award, she will be presenting a special lecture November 13 at Alderson Auditorium.
Barnett Book Outlines Case for Better Monetary Statistics from Fed

The general public had a unique opportunity in April to hear a lecture and get autographed copies of a tremendously important new book by Dr. William A. Barnett, the Oswald Distinguished Professor of Macroeconomics at KU. The special book signing ceremony and lecture took place at the KU Edwards Campus in Overland Park, where Dr. Barnett outlined his latest work, Getting it Wrong: How Faulty Monetary Statistics Undermine the Fed, the Financial System, and the Economy (MIT Press, 2012).

As politicians, pundits, and historians continue to attempt to assign blame for the recent financial crisis and subsequent recession, Dr. Barnett weighs in with a somewhat different and far-better-informed perspective. Whereas Wall Street greed and the "failure" of mainstream economics are two of the standard scapegoats, Getting it Wrong argues that there was too little use of relevant economic analysis, especially relating to economic measurement formulas used by the U.S. Federal Reserve. The growing complexity of financial instruments made traditional simple-sum monetary aggregation formulas obsolete, and the lack of public availability of best-practice data prevented households, firms, and the public sector from correctly assessing the accelerating systemic risk. Increased regulation then could have helped minimize the adverse consequences of poor economic decisions made as a result of inadequate access to the best-practice data. But deregulation instead helped produce a perfect storm, triggering the global financial crisis.

Dr. Steve Hanke from Johns Hopkins University (and a Forbes columnist) noted in a review that "the Fed’s money supply gauges remain in need of an overhaul by Barnett, a monetary master craftsman."

In fact, Dr. Barnett is now even more uniquely situated to provide that relevant craftsmanship and analysis from his recent appointment as Director at the Center for Financial Stability (CFS) in New York City. The program he directs at the CFS is designed to oversee and develop national and international databases rigorously founded in economic aggregation and index-number theory, with the ultimate goal being the delivery of multi-disciplined research on finance, law, and economics to policymakers and the public. CFS has begun releasing monthly reports on monetary aggregates not provided by the Fed, including Divisia M4, the broadest and most important measure of money available.

Before bringing his expertise on the econometrics of financial aggregation and monetary policy to KU, he previously served on the staff of the Board of Governors of the Federal Reserve System in Washington, DC for eight years; was the Stuart Centennial Professor of Economics at the University of Texas; a full professor of economics at Washington University in St. Louis; and a research associate at the University of Chicago. Before becoming an economist, he was one of the engineers who developed the rocket engines for the Apollo project at Boeing’s Rocketdyne Division in Los Angeles.

The Kansas City Star noted the day after the lecture that people listening to current Fed Chair Ben Bernanke’s defense of its current interest rate policies should “also should hear from” Barnett and read the groundbreaking book.

“‘The public didn’t have enough good information and data from the Federal Reserve to understand that the risk of recession still existed; and that they should not have been taking increased personal risk under the incorrect assumption that the Fed had figured out how to eliminate the business cycle.’
– Dr. William Barnett on KMBZ radio’s Power Lunch

Dr. Barnett was faced with the challenging task of making his conclusions accessible to everyone, including those who had never taken an economics course. So he skillfully divided the book into two parts. The first part provides a clear explanation without using a lot of mathematics, while the second part of the book outlines the underlying mathematical proofs.

The fascinating narrative history in the first part contains a number of interesting anecdotes concerning his interaction with a number of key players, as well as observations about problems at the Fed:
* After Barnett left the Fed in the early 1980s to teach at the University of Texas, his first PhD student was Salam Fayyad, the current Prime Minister of the Palestinian National Authority.

* Former Fed Chair Arthur Burns once hired the FBI to investigate the entire Fed staff to determine who may have provided bank interest rate data to Consumer Reports.

* One critic of Fed policy, Karl Brunner, was banned from the Board’s building, and security guards were instructed not to let him enter. Brunner later said that the ban had “done wonders” for his career.

* Former Fed Chair Alan Greenspan had never published well-regarded research in major peer-reviewed journals and ascended to his position primarily as a result of possessing an “exceptionally commanding sales personality.”

* During Greenspan’s tenure as Fed Chair, he developed the reputation as “the Maestro” who supposedly could intervene successfully at precisely the right moment, an unjustified belief that “fed into misperceptions about the Great Moderation, further increasing the widespread confidence in permanently decreased systemic risk.”

Another reviewer, Julio J. Rotemberg, Harvard Business School’s William Ziegler Professor of Business Administration, said the book is “a gripping combination of colorful mini-biographies, memoir from a close witness to our financial troubles, and well-argued case for better monetary statistics.”

**Econ Student Makes Run for Kansas House Seat**

After the 2012 Kansas Legislature was unable to draw its own legislative maps, prompting a good deal of criticism from editorial writers across the state, the courts ultimately had to complete the redistricting process in June. But the court-drawn maps were not necessarily kind to incumbents or gerrymandered to produce perceived electoral advantages for any particular candidates or parties, opening up opportunities for a number of relative political newcomers, including Mitchell Rucker, a 19-year old economics and political science major from KU.

Rucker, from Burdett, filed for the Republican nomination for the 117th District Kansas House Seat, which now comprises Kiowa, Edwards, Pawnee, Hodgeman and Ness counties, as well as portions of eastern Ford County and western Rush County. He faced off in the state’s August 7 GOP primary against Kiowa County Commissioner John Unruh and Dodge City Community College Professor John Ewy for the right to take on former State Treasurer and House Minority Leader Dennis McKinney (D) in the November general election. Rucker ended up getting eliminated in the August primary, as the GOP nomination went to Ewy, who captured 54 percent of the vote. Rucker finished second with 31 percent.

Mitchell confirmed to the *Hutchinson News* that he had made his decision to run at the last minute and was prompted by the unique redistricting opportunity. He described himself as a moderate Republican who was excited to get out and talk to people in the district.

“It seems that some of the things the Legislature is putting through are absurd and harmful,” Rucker said. “It’s not about partisan issues.”

Mitchell’s foray into politics was perhaps not that unexpected, as he has already been elected to the KU Student Senate and is heavily involved in a number of campus activities. He also serves as the treasurer for the KU chapter of Amnesty International and volunteers for the Center for Community Outreach, providing tutoring for high school students in both math and English. He told the *Kiowa County Signal* that he had always planned on running for a state office at some point.

“I have a strong group of supporters here at KU that have advised me,” Rucker said. “I have some other people back there that have shown me some support as well. I think it is a learning process.”

Rucker, not at all shy about jumping into the fray against his older competitors, immediately based his campaign on meat-and-potato issues like education and tax policy.

“I think one of the big issues in the state right now is education funding with the budget crisis,” said Rucker. “We’ve been consistently cutting from our education budget and I think that is a step in the wrong direction. The recent tax plan that the legislature has put through was not responsible in the way it has cut taxes and made it so we will have to cut (more) spending in the future. We need to make sure we have adequate revenue coming in to the state, so we can fund the programs necessary to ensure that people are equipped to meet the challenges of our times.”

He added that he was honored to have the opportunity to help the people of southwest Kansas grapple with those key issues during the open dialog of a campaign.

“That is where I grew up, it’s where I live,” he said of the 117th District. “I know a lot of people from that area. They are good people.”
2012-13 Student Awards and Scholarships

The Economics Department gives a number of annual scholarships and awards to outstanding sophomore, junior, and senior economics majors. The selections are made by the faculty and are based upon academic achievement.

The 2012-13 awards and scholarships were presented at a special awards banquet held May 3 at the Pachamama’s in downtown Lawrence. A number of faculty and alumni joined with Dr. Joe Sicilian, Chair, in congratulating the winners, all of whom are required to have exceptional academic records as a prerequisite for being considered for the honors.

The A.J. Boynton Scholarships and are awarded to juniors to support study in the senior year. The John Ise Award, the Domenico Gagliardo Award, the R. S. Howey Award are given to graduating seniors, as are the Boynton Awards. The John Ise Award recognizes the most outstanding achievement.

* The Arthur J. Boynton Memorial Awards and Scholarships were established by friends, former students and associates after Professor Boynton’s death in 1928. A longtime member of the Economics Department, Professor Boynton graduated from Harvard in 1903 and came to KU, where he served as head of the department from 1915 to 1924. An asset to the entire Lawrence community, he served on the KU Athletic Board and the Lawrence School Board. An avid golfer and one of the founders of the Oread Golf Club in 1908, Professor Boynton built a nine-hole golf course between Mississippi Street and Potter Lake. He also was a member of the Beloit College Glee Club and the Harvard Double Quartet. When his wife, Flora Boynton, died in 1978, most of her estate was added to the fund.

* The Domenico Gagliardo Award was established after Gagliardo’s death in 1955 to honor his teaching, scholarship and impressive accomplishments in scholarship and public service. He joined the Economics Department faculty in 1923. Professor Gagliardo, born in Frontenac, Kansas in 1895, began working in coal mines in Crawford County as a seventh-grader and did not start high school until age 20. After serving in the Navy in World War I, he came to KU originally in 1920, received a degree in just three years, and subsequently obtained his Master’s degree from Harvard in 1924 and his Ph.D. from the University of Chicago in 1931. He later received the Legion of Merit and the Army Commendation Ribbon for again serving his country in World War II. He was a renowned for his scholarship and expertise in labor economics.

* The R.S. Howey Award, established upon the retirement of the late Richard S. Howey, recognizes outstanding students majoring in economics. He received a B.S. from Harvard in 1926, an M.A. from Southern California in 1929, and a Ph.D. from the University of Chicago in 1955. He joined the KU faculty in 1929, taught for 44 years, and subsequently helped establish the notable Howey Economic History Collection of literature at Spencer Research Library. The Howey Collec-
tion, considered one of two benchmark collections in the world alongside the Kress holdings at Harvard University, now includes over 15,000 items. Exceedingly rare books, pamphlets and journals from most major European countries from 1700 through the 1850s form the backbone of this one-of-a-kind archival resource. Adam Smith’s *The Wealth of Nations* is available in 53 editions and translations. Even after he became professor emeritus in 1973, Dr. Howey continued to serve the university in a variety of capacities and conduct research in economic history.

* The John Ise Award is funded from sales of Ise’s book, *The American Way*, a collection of his speeches. A committee from the Economics Department and the KU School of Business published and distributed the book. Professor Ise, a native of Downs and the author of *Sod and Stubble*, was a member of the economics faculty at KU from 1916 to 1955. One of eleven children, he obtained degrees from KU in Fine Arts (1908), Liberal Arts and Sciences (1910), and Law (1911) before getting advanced degrees at Harvard. The author of a total of eight books, he served as president of the American Economics Association and on the editorial board of the American Economic Review. His great generosity is reflected not only in numerous large gifts that helped aid generations of KU students, but also in helping the city of Lawrence build and support its first humane animal shelter.

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**2012-13 Student Awards and Scholarships**

**John Ise Award**
Taylor Markway
Megan Miller

**Gagliardo Award**
Maria (Gaby) Moran-Cappello

**Boynton Scholarships/Awards**
Joshua Dean
Lorgens Estabine
Ganchimeg Ganpurev
John Hart
James (Greg) Loving
Jason Ralston
Shenji Pan
Laura Weaver

**Howey Award**
Patrick Kennedy

**Special Undergraduate Teaching Award**
Maria (Gaby) Moran-Cappello

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**Message from the Chair**

As we have explained in previous editions, we launched the *KU Economist* several years ago to help improve and expand upon our alumni outreach efforts. We have subsequently been delighted at the response from alumni and friends from around the world, and I am always pleased to report on the remarkable level of success our graduates have achieved in any number of fields. In this issue, I am particularly impressed by their involvement in establishing an important new international economics program at Notre Dame (page 8); starting a new company (page 11); winning a major award from the US Department of Labor (page 11); and being commissioned as a lieutenant in the US Marine Corps (page 10). And of course I was pleased to help the Chancellor in September welcome back to campus one of our most famous graduates, Colombian President Juan Manuel Santos (page 7).

As for the current happenings at the Economics Department, we are also very excited to bring you the latest news about the awards, accomplishments, and growing national reputations of our faculty and students alike.

Please keep letting us hear from you! We would like to know what all of our alums are up to, would like to stay in touch with everyone on an ongoing basis, and would like to know how we can help you continue to interact with the Department.

Rock Chalk!

– Joe Sicilian

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**Alumni News**

Alums and friends of Economics at KU, we want to hear from you! Please keep us updated on what is happening in your lives. We look forward to including your news and events in the next *KU Economist*.

**Mail**
Alumni News
Department of Economics
University of Kansas
Lawrence, Kansas 66045

**Email Your News**
econalums@ku.edu
Subject Line: Alumni News

**Send News Online**
http://economics.ku.edu/newsletter/online_news_form.shtml
Graduation Ceremony Celebrates New Group of Economists

The 2011-12 academic year concluded for the Economics Department with the Graduation Recognition Ceremony on May 12, a formal event at Woodruff Auditorium in the Kansas Union that honored graduating seniors, masters, and doctoral students. The departmental ceremony nicely complemented the less formal University of Kansas Commencement held the next day at Kansas Memorial Stadium, where many students took the traditional “walk down the Hill” with heavily decorated caps and gowns.

After opening remarks, Economics Department Chair Dr. Joe Sicilian introduced special guest speaker Adam Irwin, KU Class of 2006. While at KU, Adam was part of a student group that did volunteer work in the Darfur region of western Sudan. After leaving KU, he went on to get his master’s degree at Tufts University and now lives and works in Boulder, Colorado. He assured the graduates that, “As young economists, you have one of the most flexible and highly valued degrees in the world.”

Three graduating student speakers, Taylor Markway, Megan Miller, and Maria (Gaby) Moran-Cappello, joked with the assembled crowd that as a result of their expertise in the “Dismal Science,” they would be able to reassure fellow KU classmates without immediate job opportunities that there was no such thing as being simply unemployed – rather, that group must be further disaggregated into the frictionally unemployed, the structurally unemployed, and discouraged workers. The three also distinguished their profession by observing that while math majors believe two plus two equals four (exactly); and accounting majors believe two plus two equals four (give or take 10 percent); economists are skilled at asking in turn, “What do you want two plus two to equal?” Finally, they concluded that God must have created economists in order to make weather forecasters look good.

Following the formal recognition of 82 undergraduates, 11 master’s candidates, and 1 Ph.D. candidate, everyone had the opportunity to join arms and sway one last time to the Alma Mater and Rock Chalk Chant.

Undergraduate honors presented at the ceremony included six candidates graduating with Distinction (in the top 10 percent of the College of Liberal Arts and Sciences), Mary Anderson, Christian Dye, Patrick Kennedy, James (Greg) Loving, Megan Miller, and Maria (Gaby) Moran-Cappello. Maria also received a special Undergraduate Teaching Award.
Professors Ronald Caldwell, Ted Juhl, and Joe Sicilian enjoy the humor from student speakers while assembled on stage at Woodruff Auditorium during the May 12 ceremony.

Newly minted economists Phil Burggraf, Lorgens Estabine, and Mary Anderson continue their celebration just outside the Kansas Memorial Union following the Economics Department Graduation Ceremony on May 12.

**Asiedu Launches Important New African Women Economic Organization**

The Economics Department’s own Dr. Elizabeth Asiedu founded a new organization earlier this year, the Association for the Advancement of African Women Economists (AAAWE). AAAWE has the distinction of being the first and only organization that focuses on building the capacity and skills of African women economists.

Dr. Asiedu, who is serving as the group’s first president as well as founder, said that in addition to creating opportunities for networking and mentoring, AAAWE assists members in obtaining grants, fellowships and internships; and facilitates the creation and the sharing of knowledge among its members. Membership is open to all genders, and as of July, there were already 359 members representing 40 countries.

AAAWE definitely hit the ground running, as it organized three sessions and a mentoring/technical workshop at the African Econometrics Society Conference in Uganda in late July. The sessions received a good deal of publicity and were even featured on Ugandan television.

KU’s Economic Department helped provide support for the workshop and also has established a Visiting Scholars Program that will allow one AAAWE member to spend 3-6 months as a visiting Fellow at the Department. Applicants are required to hold a doctoral degree in economics, be affiliated with an academic institution or research center located in sub-Saharan Africa, and be published in refereed journals.

The website (www.aaawe.org) contains a good deal of additional information about conferences, publications and working papers, workshops, and membership. Other entities providing support and resources in helping with the launch of AAAWE include the African Capacity Building Foundation, and the African Development Institute of the African Development Bank.

**Colombian President Santos Accepts CLAS Alumni Distinguished Achievement Award**

Another prominent KU Economics Department alum, Colombian President Juan Manuel Santos, returned to campus on September 24 to receive the highest honor bestowed by the College of Liberal Arts and Sciences, the CLAS Distinguished Achievement Alumni Award. He met with students the same day and later gave a speech at the Dole Institute of Politics. President Santos’ whirlwind day at his alma mater also included lunch with current KU Economics Department Chair Joe Sicilian, who said that he was honored to be part of the delegation welcoming the President back to KU.

During his speech at the Dole Institute, the President told Chancellor Bernadette Gray-Little and other assembled guests that his experience at KU had helped teach him the importance of freedom and democracy; and that he hoped to continue to build even stronger relations with the US.

Santos, who received his undergraduate degrees from KU in economics and business in 1973, was elected in 2010 after having served for several years as defense minister.

He joins four other Economics Department alumni as a recipient of the award, which is presented annually by the Dean’s CLAS Advisory Board. Nobel Laureate Vernon L. Smith and renowned film-maker Mark Amin were recipients of the honor in 2011; well-known author and baseball guru Bill James received the award in 2010; and departmental benefactor and former National Computer Systems Chair and CEO Charles Oswald was a 2006 recipient. The department’s undergraduate program has been designated as the Charles W. Oswald Program in Economics in acknowledgment of his many years of support and generosity.
The primary results for startups initiated are that they are positively related to the quality of the engineering faculty, the levels of federal and industrial funding, the number of invention disclosures in the university, and the level of venture capital funding in the state; but negatively related to the land-grant and private status of the university.

The number of cumulative operational (surviving) startups per university, on the other hand, is a better measure of the success of startups. The general results for operational startups are that they are positively related to the quality of the engineering faculty, the age of the technology transfer offices, the level of industrial funding, and the number of invention disclosures in the university; but negatively related to the land-grant and private status of the university.

Another KU Economics Department alum, Dr. Richard Jensen, helped Notre Dame over the summer launch an important new international economics major in its College of Arts and Letters. Jensen, who was recently named the Gilbert F. Schaefer Professor and appointed to his fourth term as chair of the Notre Dame Economics Department, has taught in South Bend since 2000.

Jensen spearheaded the effort on campus alongside the romance languages and literature department to convince the college to add its first new major in over a decade. In June, the university announced the new program, which is premised on the notion that linguistic and cultural fluency are increasingly important assets in business.

The major will combine substantial economics coursework with advanced training in language and culture, starting with French, Italian, or Spanish; and ultimately will provide students with opportunities for overseas internships and specialized research projects.

“This program will be an attractive option for ambitious, sophisticated, and savvy Notre Dame undergraduates seeking to prepare themselves for successful international careers,” Jensen said. He added that those careers would be expected to be in the public sector and nonprofit organizations, as well as in multinational corporations and other entities doing business overseas or having international interests in research, law, or the arts.

Dr. Jensen, who specializes in microeconomic theory, industrial organization, university invention and technology transfer, and environmental economics, was named Phi Beta Kappa while getting his undergraduate economics degree at KU in the early 1970s. He later received his Ph.D. from Northwestern University in 1980.

Among his most recent publications is a chapter on “Startup Firms from Research in U.S. Universities,” in the 2011 Handbook of Research on Innovation. He empirically analyzes university entrepreneurship in the form of the commercialization of faculty inventions through startup firms from 1994-2004, a period when the number of startups emerging from US universities increased by almost 80 percent.

The study examines factors influencing entrepreneurship resulting from university research. The measures of entrepreneurship used were the annual number of startups initiated per university; and the annual cumulative number of startups that remain operational per university.

KU alum Dr. Richard Jensen, Chair of the Notre Dame Economics Department, spearheaded efforts to launch a new international economics major at that school.

Econ Grad Loving Named Chancellor Student Award Recipient

KU announced in May that graduating senior James (Greg) Loving had added to his growing list of accomplishments by being named recipient a Chancellor’s Student Award, which recognizes the entirety of a student’s academic, volunteer, and leadership achievements. One of only ten graduating seniors to receive a 2012 award as part of the 140th Commencement ceremonies, Loving was honored with the Class of 1913 Award, which is given annually to a student who has demonstrated intelligence, devotion to studies, personal character, and promise of usefulness to society.

Loving received his undergraduate economics degree with Distinction, in addition to a degree in chemical engineering. He was a KU finalist for Rhodes and Marshall scholarships in 2011; and was one of 10 finalists for KU’s Ex.C.E.L. Award. A Hall Center Scholar for the 2011-12 academic year, he also was selected as the Interfraternity Council Outstanding Campus Leader. Greg was co-founder and president of the KU Energy Club; and wrote a column on international issues for the University Daily Kansan.

He has been admitted to the Harvard Business School, where he will enter the MBA program.

Greg’s Chancellor Student Award marked the second consecutive year an economics major was honored as one of only 10 graduating seniors. Mathew Shepard was named winner of the Agnes Wright Strickland Award in 2011.
RECENT PH.D. KANYAMA LANDS AT UNIVERSITY OF JOHANNESBERG

One very recent KU alum, Isaac Kanyama, is off to a fast career start after receiving his doctoral degree from KU in May and being hired as a Senior Lecturer by the Department of Economics and Econometrics at the University of Johannesburg. His recent paper co-authored with professors Elizabeth Asiedu and Yi Jin, “The Impact of HIV/AIDS on Foreign Direct Investment: Evidence from Sub-Saharan Africa,” presented at a Missouri Valley Economic Association Conference in Kansas City was named the Best Graduate Student Paper, and Isaac was to travel to a larger MVEA event in Memphis in late October to accept the award and again present the research. He also anticipates presenting at the Southern Economic Association Annual Conference in New Orleans in mid-November.

In that paper, the authors employ panel data from 40 countries in sub-Saharan Africa over the period 1990-2008 to examine whether HIV/AIDS had a causal effect on foreign direct investment (FDI). They find that HIV/AIDS has a negative but diminishing effect on FDI, and this adverse effect occurs even when the HIV prevalent rate is as low as 0.1 percent. The empirical result is then rationalized by a simple theoretical model. Their research is also expected to be included in a special symposium on the impact of health, trade and FDI on African economies.

Dr. Kanyama also has co-authored “Quality of Institutions: Does Intelligence Matter?” with Oasis Kodila-Tedika. Hailed in late May as “brave” economists by Taki’s Magazine for their research (http://takimag.com/article/occams_butter_knife_steve_sailer/print#axzz1zsUIRei5K), the authors analyze the effect of the average level of intelligence on different measures of the quality of institutions, using a 2006 cross-sectional sample of 113 countries. The results show that average IQ positively affects all the measures of institutional quality considered in our study, namely government efficiency, regulatory quality, rule of law, political stability and voice and accountability. The positive effect of intelligence is robust to controlling for other determinants of institutional quality. So countries with higher average IQs enjoy better governmental institutions. Another important implication of the findings is that institutional quality is a crucial channel through which intelligence indirectly positively affects economic growth, in addition to its direct positive effect previously documented in extant literature.

More specifically, the main finding is that intelligence positively affects each of the five measures of the quality of governmental institutions considered. So countries with higher average IQ enjoy better governmental institutions. An important implication of the finding is that institutional quality is a crucial channel through which intelligence indirectly positively affects economic growth, in addition to its direct positive effect previously documented in extant literature. More specifically, high population IQ positively affects institutional quality which, in turn, positively affects economic growth.

WEISS NAMED CLIOMETRIC SOCIETY FELLOW

KU Professor Emeritus Tom Weiss in May was inducted as a Fellow of the Cliometric Society. One of only two Class of 2011-12 inductees, Weiss was honored at the Society’s induction ceremony in Tuscon.

Founded in 1983, the Cliometric Society is an academic organization interested in the use of economic theory and statistical techniques to study economic history. The fellowships were established to honor outstanding scholarship in the field of economic history, and fellows must have published significant contributions to the field that are markedly original and have advanced the frontiers of knowledge.

The term “cliometrics” was coined by Stanley Reiter, a mathematical economist, in 1960 when he was searching for a word to describe the quantitative economic history work he was discussing with colleagues. Reiter joined the famous muse of history from Greek mythology, Clio, with the suffix “metrics” from “econometrics.” Today a common definition is that cliometrics is the application of economic theory and quantitative techniques to describe and explain historical events.

Dr. Weiss came to KU in 1967 after completing his Ph.D. at the University of North Carolina. In addition to his decades-long service to the Economics Department as a professor, Tom served a five-year stint as Chair in the 1980s. His numerous teaching honors at KU included the Byron T. Shutz Distinguished Teaching Award; being named a Finalist for the Del Shankel Award for Teaching Excellence; and being nominated three times for the H.O.P.E Award for Teaching Excellence. Tom retired from active teaching in 2005.

He has written three books, including A Deplorable Scarcity: The Failure of Industrialization in the Antebellum South, with Fred Bateman, and has authored more than three dozen journal articles. His research has focused on the economic growth and development of America and covers the entire period from colonial times to the present. The Cliometric Society noted that Tom “has often been on the cutting edge with regard to technique,” as evidenced by his use of simulation analysis to examine the question of canals versus railroads. His groundbreaking contributions over the years included the development and use of new data such as the “Bateman-Weiss” samples from the Census of Manufactures.

He continues to publish, and his most recent article, “The Long Term Rise in Overseas Travel by Americans, 1820-2000,” coauthored with Brandon Dupont and Alka Gandhi, is forthcoming in the Economic History Review.
Paul Carttar currently serves as Director of the Social Innovation Fund. Considered the centerpiece of the Obama Administration’s change agenda, the SIF is an initiative aimed at improving the lives of people in low-income communities. A former Executive Vice Chancellor for External Affairs at KU, Paul still lives in Lawrence and majored in both economics and English as an undergraduate at KU.

Robert White writes that he very much enjoyed the Spring 2012 issue of the KU Economist. He said that back in the day, he was Professor El-Hodiri’s only underclassman, having enrolled in his 900-level courses “before he discovered my status. Now as a Certified Public Planner, I lament the lack of results-oriented economics training, and the fact that there was no CFP coursework at the time.” Robert adds that he still uses many of the maximization techniques he learned while taking economics courses at KU.

Hak Yong Rhee, who received his Ph.D. in 1972, has been elected to the Republic of Korea’s National Academy of Sciences in Economics by other NAS members and the Korean Economic Association. Dr. Rhee is also a member of the KU Chancellor’s Club.

Frank Hefner, currently Professor of Economics at the College of Charleston’s School of Business, writes that he is glad that the KU Economics Department continues to do a great job with external communications; and that he has thoroughly enjoyed keeping up to date with the newsletter. Dr. Hefner, who received his Ph.D. in economics from KU in 1988, just completed his second tour of duty as departmental chair at the College of Charleston. He continues to serve as Director of the College of Charleston’s Office of Economic Analysis, a post he was named to in 2007. He also has been a visiting instructor at Management Center Innsbruck, Austria annually since 2010, teaching global economics as part of a master’s program in tourism management. An acknowledged expert in regional economics, his publications include, “State Targetting of Business Investment: Does Targetting Increase Corporate Tax Revenue?” (with Pete Calcagno), which appeared in the Journal of Regional Analysis and Policy.

Gordon A. Jones, who graduated from KU with his economics degree in 1970, continues to work at the US Justice Department, where he has been for more than 30 years. He enjoys the KU Economist, which he said has helped him stay connected to the Economics Department. Gordon said that he has wonderful memories from his economics classes, particularly of Professors Richard Howey and Tom Weiss. He also was delighted to discover that a photo of the 1930s departmental faculty that ran in the Spring 2011 issue of the KU Economist (and is available on the website at http://www.economics.ku.edu/about/history.shtml) included Leonard Axe. Gordon said he remembered that Dr. Axe during the 1950s and 1960s had gone on to become president of what is now Pittsburg State University.

Jonathon Simon’s mom pins on his bars during his commissioning ceremony as a 2nd Lieutenant in the USMC.

Jonathon Simon, who graduated from KU in 2011 with a BA in economics, recently completed Officer Candidate School (OCS) and was commissioned as a 2nd Lieutenant in the United States Marine Corps. In June, he started a six-month program called The Basic School, an intensive USMC course which teaches new lieutenants the basics of being an officer with a heavy emphasis on the skill set necessary to lead an infantry platoon. Jonathon wanted to relay his Jayhawk pride story, which involved the final physical fitness test at OCS, a three-mile run. He said that he blew past a fellow platoon member from Missouri at the 2.5 mile mark, whispering “Rock Chalk” as he sprinted away. “He didn’t challenge again for the rest of his race due to his broken spirit and tear-filled eyes. It was a lot like KU’s come-from-behind overtime win versus Missouri in basketball last season.”
Recent Grad Wins US Labor Department Award

Another KU Economics Department alum, Rachel Koch, received a major award in 2012 when the US Department of Labor conducted a special challenge to encourage teams of researchers to use publicly available labor data and other online resources to educate users about the pay gap and to build tools to promote equal pay. The Labor Department noted in setting up the challenge that nearly 50 years after President Kennedy signed the Equal Pay Act, women on average are still paid $150 less per week for comparable work relative to their male counterparts; and that the disparity is even more dramatic for women of color and women with disabilities.

Rachel, who graduated from KU in 2008 and is currently in the MS Program for Public Policy and Management at Carnegie Mellon University’s Heinz College, headed up a team that developed a website entitled “Close the Wage Gap” (www.closethewagegap.com) that won a Grand Prize, as well as a special award as the best non-profit app.

The website and app were designed to educate users about the gender wage gap and arm them with information and negotiation tools to eliminate it. By merging data from multiple sources and tapping into their negotiation skills, Rachel and her team developed innovative ways to help users take their own steps towards closing the wage gap. The website creatively addresses the challenge goals outlined by the Labor Department. The initial “welcome page” helps to educate women about the wage gap and its causes; and subsequently enables informed decision-making when selecting a career path. The “show me the money” tab provides greater access to pay data by gender with easy to understand graphics. The “ask for it” tab helps women become more effective negotiators by providing expert advice and interactive instructional videos. The “find out more” tab provides access to additional resources and communities that will help women advance in their careers.

One of the prizes includes a $5,000 award from the gender advocacy non-profit Catalyst. Rachel and the team are currently working with Catalyst to co-brand the website as a Catalyst piece as well as a piece for Carnegie Mellon. They hope to continue to develop the website and incorporate it as learning tool for coursework at the Heinz College.

She is currently scheduled to complete her degree at Carnegie Mellon in 2013.

Recent Grad Uses Econ Background to Get Exciting Start with New Company

A recent KU graduate from 2011, Ting Liu, has been quite busy applying what he learned while in the Economics Department to his new job as Vice President of Production for PrideBites, LLC.

PrideBites dog toys were created with durability in mind to “survive hikes up the canyon, muddy park outings, and swimming in the lake,” according to the website (www.pridebites.com). PrideBites was awarded the “Coolest New Company of 2012” at the 2012 Global Pet Expo. As of August, the products were available at pet stores in 11 states and Canada, as well as on the website.

Ting, who received his MA at KU, reports that he has been very busy since graduation in helping with the launch of the new company. He also said that he has found what he learned at KU quite helpful in running the business, especially game theory.

Faurot Retires at Conclusion of 2011-12 Academic Year

Professor David Faurot, an acknowledged expert in arbitration and bargaining as well as sports economics, retired in May after a distinguished career of teaching economics at KU that lasted 39 years.

Dr. Faurot, who received his undergraduate degree in mathematics from the University of Oregon before moving on for his PhD in economics from Northwestern University, began teaching at KU in 1973. Many generations of students fondly remember his courses in labor economics, game theory, and sports economics.

His numerous awards included the H. Bernerd Fink (Chancellor’s Award) for Outstanding Teaching.

On the Back Cover: Graphics include Dr. Barnett’s important new book on the Fed (p. 2); and the logo of the Cliometric Society, which inducted Dr. Weiss (p. 9).