KU announced in October that one of the most prominent Economics Department alums, Nobel Laureate Dr. Vernon L. Smith, had been named recipient of a special Honorary Doctor of Science Degree for notable contributions to experimental economics.

Dr. Smith, who was awarded the 2002 Nobel Prize in Economic Sciences for his groundbreaking work in studying alternative market mechanisms, received his master's degree in economics at KU in 1954 before moving on to Harvard University for his Ph.D.

In the 1970s, he published two papers (“Experimental Economics” and “Microeconomic Systems as an Experimental Science”) that provided the formal groundwork for using controlled laboratory experiments to study economic decision making.

He has credited his success, in part, to having Asperger syndrome, which he says has allowed him to concentrate deeply, think “outside the box,” resist social pressures and look at economic problems in different ways.

Dr. Smith has held numerous editorial positions and served in many private and public advisory and consultancy roles on privatization and deregulation. The author of more than 250 articles and books on finance, natural resource economics and experimental economic theory, he has held a number of faculty appointments and has been a Ford Foundation Fellow, a Fellow of the Center for Advanced Study in the Behavioral Sciences and a Distinguished Scholar at the California Institute of Technology. He is a Fellow of the Economic Society, the American Association for the Advancement of Science, the American Academy of Arts and Sciences, and the National Academy of Sciences. He also in 2011 was named recipient of the CLAS Distinguished Alumni Achievement Award, the highest honor bestowed by KU's College of Liberal Arts and Sciences.

Honorary degrees were authorized in 2011 by the Kansas Board of Regents. Smith joins mezzo-soprano Joyce DiDonato as one of just two KU recipients announced in October. Nominations were sought from members of the KU community and beyond and subsequently reviewed by a special committee established by Chancellor Bernadette Gray-Little. The Board of Regents on October 16 approved the Chancellor’s recommendation for both Smith and DiDonato, and the honorary degrees will be presented on May 18 at Kansas Memorial Stadium.

"Both of our honorees have contributed to our society, whether by taking us on emotional journeys through song or by advancing our understanding of economic decision making," the Chancellor said. "They are role models for our students, and exemplify the mission of our university and its dedication to serving Kansans and the world."
Ginther Working to Match Income, Graduation Data

In the wake of a national effort to more accurately quantify the costs and benefits of higher education, the Economics Department’s Dr. Donna Ginther is taking the lead on a major project seeking to match Kansas Department of Labor data on income to graduates of Regents institutions. The study, funded by the Kansas Board of Regents, is designed to help determine the actual economic impact of receiving an undergraduate degree from a state university.

But Ginther told the Lawrence Journal World in late December that there were definitely caveats that would need to be applied to the results of the study once it is completed. She noted, for example, that salaries tend to be low during the first few years out of school, as recent grads take entry-level positions and either look to advance or subsequently return to graduate school. She said that more complete information and a longer study timeline would be needed to more fully quantify the economic impact of a college degree.

“I think that while it’s informative to see if recent graduates are employed and see their starting wages, that’s just a small part of the story,” Ginther said.

President Obama in August helped accelerate the national discussion when he announced that because of his concern over college affordability, he was developing a federal rating system that would incorporate tuition, number of low-income admissions, and average level of debt upon graduation. He also has introduced federal legislation that would steer greater amounts of federal student aid to those institutions with better scores in the new ratings. Closer to home, Kansas policymakers also have begun asking Regents institutions for data on graduation incomes by university department.

Ginther, who serves as Director of KU’s Center for Science Technology and Economic Policy (as well as Professor of Economics), may be uniquely qualified on several fronts to help address many of these issues, given that she was named in 2013 one of the Top 30 Women Professors at Affordable Colleges (see Fall 2013 KU Economist); and is a leading authority on the use of “Big Data” techniques that combine multiple and diverse sources and databases. During her special lecture at KU’s Hall Center for the Humanities in 2013 in recognition of having received the Byron T. Shutz Award for Teaching Excellence, she talked about the accelerating use of Big Data in economic and social science research as well as other applications, noting that President Obama had employed Big Data tools as part of his successful reelection effort in 2012.

Wagner Receives Prestigious Homecoming Award

KU’s Miranda Wagner added to her list of honors during the Fall semester when she was named recipient of the prestigious Jennifer Alderice Homecoming Award, which is given out by the Homecoming Steering Committee to a student who has demonstrated exceptional spirit and campus service.

Wagner, a junior from Shawnee majoring in economics, serves as a student senator and is a member of the executive board for Alternative Breaks. She also welcomes prospective Jayhawks to campus as a student ambassador, and she participates in student programs at the Dole Institute of Politics. She recently studied abroad at the London School of Economics.

The award honors Jennifer Alderdice, a former KU Alumni Association staff member who advised the Homecoming Steering Committee and the Student Alumni Association for many years.

The Alderice Award is one of several honors announced each year during Homecoming in the Fall. After turbulent anti-war demonstrations had rocked the campus during the 1960s, a special advisory committee in 1969 recommended that the naming of a Homecoming Queen be replaced with a variety of awards more appropriately recognizing “those who embody the academic spirit.” This particular award was established more recently in 2009 and is earmarked for a student who has displayed outstanding dedication, initiative, motivation, positive attitude, and contributions to KU.

Miranda, who is minoring in public policy and psychology, said that Dr. Brian Staihri’s introductory courses had gotten her hooked on economics; and that a subsequent course on economics and public policy in London had helped steer her emphasis in that direction. She hopes to be interning for a public policy think tank in Washington, DC this summer.

Miranda’s receipt of the award during the 2013 festivities marked the third consecutive year that a KU economics major was honored at Homecoming, as James (Greg) Loving in 2011 and Nell Neary in 2012 were both named as finalists for the Ex.C.E.L Award, given annually to students in acknowledgment of excellence in community service, education, and leadership.
**Shirley Sicilian Named a National Director at KPMG**

Another prominent KU Economics Department alum, Shirley Klenda Sicilian, has continued her ascent in the field of state and local taxation, being named in December as KPMG’s National Director of State and Local Tax Controversy in the firm’s Washington National Tax (WNT) practice. KPMG is one of the largest professional services companies in the world and one of the “Big Four” auditors.

Shirley moves to her new job at KPMG, which was reported on by the Washington Post and a number of other media outlets, after spending the last seven years as the Multistate Tax Commission’s General Counsel. At MTC, she had headed the legal division and was responsible for providing advice and assistance to 47 member states and the District of Columbia. Shirley also authored a number of *amicus curiae* briefs in state and federal courts, including the US Supreme Court.

“We’re extremely pleased to have Shirley join our WNT team at a time when many of our clients are experiencing increasing tax controversies at the state and local level,” said one KPMG official. “We know that our clients will benefit from her extensive experience, technical knowledge and integrity.”

In late December, *State Tax Notes* magazine also named Shirley as a finalist for its 2013 Person of the Year and cited her as “one of the most influential legal thinkers in the field.” Last July, she was named winner of the Paull Mines Award for Outstanding Contribution to State Tax Jurisprudence.

“No single individual has interacted with state tax authorities on legal issues more than Shirley, and her opinions are universally respected,” said MTC Executive Director Joe Huddleston.

Shirley received her undergraduate degree in economics from KU in 1981; and both her Master’s in economics and her Juris Doctor degree from KU in 1984.

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**Cai Wins Econometric Theory Award**

Cambridge University Press announced in November that Dr. Zongwu Cai has been named recipient of the Multa Scripsit Award in acknowledgement of his cumulative contributions to *Econometric Theory*.

A spokesperson for Cambridge University Press noted that the award is one of the several the journal had established to recognize the contributions of authors who have moved econometric theory forward by virtue of their sustained publishing efforts over a period of years; and that many individual econometric fields had grown to maturity over the last decade as a result of these sustained contributions.

Dr. Cai joined the KU Economics Department faculty in August as the Oswald Professor of Econometrics (see Fall 2013 issue of the *KU Economist*). He came to KU from the University of North Carolina at Charlotte, where he was a long-time professor of mathematics and adjunct professor of economics.

An acknowledged expert in theoretical and applied econometrics as well as financial econometrics, he chaired a panel last summer at the prestigious 2013 International Forum on Modern Statistics and Econometrics at Xiamen University in China. He is chairing the organizing committee for the upcoming China Meeting of the Econometric Society (CMES), which will also be held Xiamen University in late June. Dr. Cai recently was inducted as a Fellow by the American Statistical Association (ASA) for showing outstanding professional contributions and leadership in the field of statistical science.

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**Giving to Economics at KU**

[http://economics.ku.edu/giving/](http://economics.ku.edu/giving/)
RUSSELL RESEARCH ON K-12 EDUCATION SELECTED FOR NATIONAL CONFERENCE

The Council on Undergraduate Research announced in January that the KU Economics Department’s own Josh Russell had his work selected from among over 4,000 submissions for presentation at the prestigious National Conference on Undergraduate Research in Lexington, KY in early April.

Josh had previously presented his research, “Resources and Educational Outcomes: A Look at Kansas and Missouri Public Schools,” at the McNair Heartland Research Conference in Kansas City last August. Dr. Donna Ginther serves as his advisor.

The project involves an expanded look at the role of money in determining educational outcomes, which has been a major area of research since the 1960s. With recent cuts to K-12 education funding in Kansas and other states in the wake of the Great Recession, understanding the role of resources in determining outcomes has become even more crucial. While previous work has focused heavily on how money has a direct impact on test score improvement by analyzing differences between school district spending levels, these analyses do not take into account other differences between schools and are focused on a very narrow and specific range of educational outcomes. Josh’s broader approach emphasizes the impact of money on other educational outcomes, including graduation rates; discipline rates; dropout rates; and retention rates, while looking at variances in resources between schools. Extensive regression analysis shows that similar to previous work, there is no significant link between monetary resources (expenditure per student, average teacher salary, and pupil-teacher ratio) and educational outcomes. At the same time, explanatory variables linked to socioeconomic background (school location, racial composition, percentage of students with limited proficiency in English, and percentage eligible for free and reduced lunches) are consistently significant and explain a large portion of the variation in outcomes. The broader approach represents an important new contribution to the literature by providing another way of corroborating findings from previous district-based research studies suggesting that money is not significantly correlated with educational outcomes.

Josh, who also serves as a Teaching Assistant for the Economics Department, is pursuing a minor in mathematics as well as his undergraduate economics degree. On track to graduate this Spring, he is involved in a number of other activities at KU, including Delta Epsilon Iota (a career-based honor society); Multicultural Scholars; and the KU Economics Club.

He said that as soon as he took an introductory course in economics his freshman year, he had become hooked. Some of his favorite classes included public finance and labor economics (both with Dr. Ronald Caldwell); and he credits Dr. Ginther as being “the best mentor I could ask for – actively pushing me to pursue presentation opportunities, getting me in touch with researchers doing similar work, and helping me learn how to maximize the effectiveness and impact of my economics research.”

Josh is planning on attending graduate school in economics and hopes to utilize his research skills to further explore topics like wage inequalities and healthcare reform.

SNAPSHOT OF A THRIVING DEPARTMENT

Amid declining support from the state in recent years and discussions about the costs of maintaining certain programs, the Economics Department has continued to thrive from an enrollment and graduation standpoint. Data provided by KU’s Office of Institutional Research and Planning (OIRP) show that 105 undergraduate economics degrees were granted in the 2012-13 academic year; 12 master’s degrees; and 10 doctoral degrees. The latest OIRP data for 2013-14 show 449 students currently pursuing economics degrees at KU (359 declared undergraduate majors; 25 in the master’s program; and 55 seeking doctoral degrees) – as well as another 78 undergraduates who are pursuing minors in economics.

<table>
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<tr>
<th>Economics Degrees (2012-13)</th>
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<tr>
<td>Baccalaureate: 105</td>
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<tr>
<td>Masters: 12</td>
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<tr>
<td>Doctoral: 10</td>
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<th>Economics Majors (Spring 2014)</th>
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<tbody>
<tr>
<td>Undergraduate: 359</td>
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<tr>
<td>Masters: 25</td>
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<td>Doctoral: 55</td>
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Source: KU Office of Institutional Research and Planning
A special United Nations University World Institute for Development Economics Research (UNU-WIDER) release in late January summarized important new research findings by KU’s own Dr. Elizabeth Asiedu on the unintended consequences of a certain controversial US foreign aid policy regarding abortion funding on overall aid for family planning.

The Mexico City Policy, announced by the Reagan administration at an international population conference in Mexico City in 1984, generally prohibited the US Agency for International Development (USAID) from distributing funds to those international non-governmental organizations (NGOs) that provide abortion-related services or information. That initiative was kept in place through the administration of George H.W. Bush before being rescinded by President Clinton in 1993; subsequently reinstated by President George W. Bush in 2001; and rescinded again by President Obama in 2009.

Using data from 151 developing countries from 1988-2010 to examine the impact of the intermittently applied MCP on the allocation of family planning aid to developing countries (“Determinants of Foreign Aid in Family Planning: How Relevant is the Mexico City Policy?”, UNU-WIDER Working Paper 2013/118, Elizabeth Asiedu, Malokele Nanivazo, and Mwanza Nkusu), Dr. Asiedu and her co-authors first note that even when applied, the MCP should not necessarily impact family planning aid because such aid could theoretically be reallocated to anti-abortion NGOs or directly to governments; and other donors could scale up their aid during these periods. But the data on family planning from the developing countries suggest that all else being equal, family planning aid is reduced from three to six percent when the MCP is being implemented (the MCP has a negative and robust effect on family planning aid). So since the stated objective of the MCP was solely to restrict US aid to NGOs offering certain abortion information and services, the authors conclude that the reduction in family planning aid is an unintended but very real consequence of the MCP.

Since family planning is a critical ingredient in women’s empowerment and well-being and a key contributor to socioeconomic development, the UNU-WIDER research brief states that the policy implications of the authors’ finding suggest that a number of remedial actions are necessary to assure family aid to developing nations is not reduced during those periods when the MCP is in effect. These include direct allocation of US family planning aid to developing governments’ health ministries; full re-allocation of USAID funds to those NGOs in compliance with the MCP; and encouragement of other donor nations to increase that portion of their aid earmarked for family planning during those periods when the US is adhering to the MCP.

KU Economics Department alum Jesse Daniel Haug was recently featured as a prominent “Jayhawk Around the World” by KU’s College of Liberal Arts and Sciences. The growing international reputation of his standardized test prep business recently landed another KU Economics Department alum, Jesse Daniel Haug, on a special list of prominent “Jayhawks Around the World” featured by the College of Liberal Arts and Sciences.

Jesse, who graduated from KU in 2007 with his undergraduate degree in economics, French, and mathematics, has been living for over six years in Paris, where he runs Vincia Prep, a special service that helps tutor students in preparation for both the GMAT and GRE tests; and also helps them write better MBA admissions essays. His fast-growing business (www.vinciaprep.com) has helped numerous students excel on both their verbal and math scores and gain admission to Harvard, Columbia, ESSEC, INSEAD, HEC and many other prestigious MBA and doctoral programs.

Jesse told the KU CLAS “Learning without Boundaries” blog that “some of the general principles and, even more importantly, the way of thinking that came with studying economics” had been of particular benefit to him in achieving his success with his standardized test business.
Faculty News

Joshua Rosenbloom is completing his second year as Director of the National Science Foundation Foundation’s Science of Science and Innovation Policy Program (SciSIP). He recently published an article, “The Unfolding Science of Science and Innovation Policy” in Academic Executive Brief that describes the SciSIP program and some of the research it has supported. Dr. Rosenbloom’s NSF appointment has enabled him to attend and present at a number of international conferences related to this emerging field of applied social science research, including events in Belgium and Japan. His long-running collaboration with Tom Weiss resulted in another publication about the colonial economy, “Economic Growth in the Mid-Atlantic Region: Conjectural Estimates for 1720 to 1800” in Explorations in Economic History. He continues to work with Donna Ginther and Ted Juhl on NSF-funded research regarding the effects of federal funding on knowledge production in academic chemistry.

Dietrich Earnhart in early January presented “Corporate Environmental Strategies in Transition Economies” at the Association of Comparative Economic Studies sessions held at the Allied Social Science Associations (ASSA) meetings in Philadelphia. The study explores how corporate environmental strategies have expanded in the transition economies of Central and Eastern Europe since the political and economic transition began in 1989.

John W. Keating, a specialist in macroeconomics, time series econometrics, and monetary theory and policy, presented “What Do We Learn from Blanchard and Quah Decompositions if Aggregate Demand may Not be Long-Run Neutral?” at the Australasian Econometric Society Meetings in July in Sydney, Australia and again at the University of Indiana in October. The latest version of that paper was published in December’s Journal of Macroeconomics. Additional recent publications have included “Interpreting Permanent Shocks to Output When Aggregate Demand may not be Neutral in the Long Run” in the Journal of Money Credit and Banking (June 2013); and “The Time-Varying Effects of Permanent and Transitory Shocks to Real Output” (with Victor J. Valcarel) in Macroeconomic Dynamics (forthcoming). Over the summer, “Financial Shocks and the Natural Rate: A Role for Money in Taylor Rules” (with Lee Smith) was presented at the 18th International Conference on Computing in Economics and Finance in Vancouver; at the Federal Reserve Bank of Kansas City; and at the 28th European Economic Association Annual Conference in Gothenburg, Sweden. A previous work, “What’s so Great about the Great Moderation? A Multi-Country Investigation of Time Varying Volatilities” (with Victor J. Valcarel), was accepted for presentation at the Society of Non-Linear Dynamics and Econometrics in Milan, Italy. Dr. Keating also was interviewed on KCUR’s Central Standard in October during the government shutdown on its fiscal implications; and he was interviewed by Ingram’s Magazine in January on the national and regional economic outlook.

Shu Wu is co-editor (with Yong Zeng) of the recently published book, State-Space Models: Applications in Economics and Finance. He also co-authored two papers in Applied Economics Letters – “On International Stock Market Co-Movements and Macroeconomic Risks” (with Peng Chen); and “A Comparison of Two Housing Markets” (with Zhengxun Tan). Dr. Wu has been serving as Visiting Scholar at the Federal Reserve Bank of Kansas City.


Zongwu Cai, in addition to chairing a panel last summer in China at a special international forum on modern statistics and econometrics (see page 3), has given seminars at the University of California at Davis, Fudan University, Northeastern University of Finance and Economics, Shandong University, Guangzhou University, and the University of Missouri at Kansas City. Most recently, he gave several lectures on “Advanced Topics on Nonparametric Econometrics” at Xiamen University in China in December and January. He has also recently published “A New Nonparametric Stability Test with an Application to Major Chinese Macroeconomic Time Series” in Applied Mathematics – A Journal Of Chinese Universities (with N. Cai and Y. Fang); “Semiparametric Functional Coefficient Models with Integrated Covariates” in Econometric Theory (with Y. Sun and Q. Li); and “Testing Predictive Regression Models with Nonstationary
Regressors” in *Journal of Econometrics* (with Y. Wang). He has had five additional papers currently accepted for publication. In 2013, Dr. Cai was inducted as a Fellow by the American Statistical Association and received the Multa Scripsit Award from the journal *Econometric Theory* to recognize his contributions to the science of econometrics.

**Tarun Sabarwal** recently completed work as the principal investigator on the project “Digital Preservation of Bankruptcy Court Records, 1898-2000”, funded by the Alfred P. Sloan Foundation. Data collected in this project addresses a gap in resources available to study the causes and consequences of bankruptcy in the United States. The incidence of bankruptcies has increased several-fold over the past 25 years, yet there is no good data set publicly available for research on personal bankruptcies. As part of this project, Dr. Sabarwal led a team of 12 economics graduate and undergraduate research assistants to collect bankruptcy data from original court records at the National Archives in Kansas City. Over a course of about nine months, the team acquired data on 7,094 cases by taking over 139,500 pictures. Students received invaluable first-hand research experience. Additionally, Dr. Sabarwal presented his research at a number of conferences last year; including at the Royal Economic Society’s Annual Meeting (in London); the SAET Conference on Current Trends in Economics (in Paris); the Econometric Society European meetings (University of Gothenberg); the Midwest Economic Theory meetings (University of Michigan); and the Southern Economic Association’s annual meeting (in Tampa, FL).

**Elizabeth Asiedu**, in addition to her work on the unintended consequences of certain US foreign aid policies on overall family planning aid (see page 5), has also had a paper (“Foreign Direct Investment in Africa: The Role of Natural Resources, Market Size, Government Policy, Institutions and Political Instability”) listed by the Social Science Research Network as the all-time most downloaded paper involving Africa and development topics. As of mid-February, the paper had been downloaded over 1,800 times by researchers around the world. The founder of the Association for the Advancement of African Women Economists (AAAWE), Dr. Asiedu last summer organized six sessions at the African Econometric Society Conference; organized a special AAAWE mentoring workshop; and was the graduation speaker at the University of Ghana. In January, she was appointed as Editor of the *Journal of African Development*; and last fall was named a member of the *Journal of African Trade* editorial board.

**Barnett Wins Higuchi-KU Endowment Research Achievement Award**

The Kansas Board of Regents announced in October that Dr. William Barnett, the Oswald Distinguished Professor of Macroeconomics, had been named recipient of the state’s most prestigious recognition for scholarly excellence, the Higuchi-KU Endowment Research Achievement Award.

Dr. Barnett joined three other honorees at a special ceremony at the Lied Center in late October. That occasion marked the 32nd annual presentation of the awards, established in 1981 by Dr. Takeru Higuchi to recognize exceptional long-term research accomplishments by faculty at Regents’ institutions. His award, the Balfour Jeffrey Award in the Humanities and Social Sciences, is named after one of the former KU Endowment Association leaders who helped recruit Dr. Higuchi to KU in the 1960s.

The honor includes a special citation and a $10,000 award for ongoing research efforts that may be used for research materials, summer salaries, fellowship matching funds, hiring research assistants or other support. The citation noted that Dr. Barnett is the world’s leading figure in the study of methods for the accurate measurement of monetary and financial aggregates, an essential component of monetary policy used by the Federal Reserve and other central banks around the world; and that he has written more than 160 articles and written or edited 27 books.


He also serves as a director at the Center for Financial Stability and is the founding president of the Society for Economic Measurement (see page 8).
The Society for Economic Measurement (SEM), one of the latest initiatives undertaken by Dr. William A. Barnett, Oswald Distinguished Professor of Macroeconomics at KU, has scheduled its inaugural conference for August 18-20 at the Harper Center of the University of Chicago’s Booth School of Business.

In addition to invited sessions with multiple speakers being arranged by a special organizing committee, the conference will specifically feature seven plenary speakers: five keynote lectures; one plenary dinner speaker; and one presidential address. Dr. Barnett, who is serving as SEM’s first president, will be delivering the presidential address, “Milton Friedman and the Positive Methodology of Economic Measurement”.

SEM is a unique entity founded in 2013 to promote research on economic measurement using advanced tools from a variety of economic and statistical disciplines to facilitate communication among researchers. The society’s long-run objective is to meet the data standards established for the physical sciences, notwithstanding the fact that economics as a social science is subject to certain inherent limitations.

The conference is sponsored by the University of Chicago’s Becker Friedman Institute (BFI), in addition to the University of Kansas, Carnegie Mellon University, and the Center for Financial Stability (where Dr. Barnett also directs a program designed to oversee and develop national and international databases rigorously founded in economic aggregation and index-number theory).

The origins and motivations for SEM can be found in the special “Measurement with Theory” issue of the Journal of Econometrics (March 2011).

The conference will include a dinner on August 19 at the historic Quadrangle Club at the University of Chicago, where Dr. Karl Shell from Cornell University will deliver the plenary dinner speech on “Chicago and Sunspots”. Nobel Laureate James Heckman will be delivering one of the keynote addresses, “Abducting Economics”.

BFI Director Lars Hansen also in October was named recipient of the Nobel Prize in Economics.

Latest information on the agenda for the three-day event in Chicago may be found on http://sem.society.cmu.edu/conferences.html

SEM plans to hold its second annual conference in Paris during the summer of 2015.
The Economics Department Graduation Recognition Ceremony is a formal event that honors graduating seniors, masters, and doctoral students. (The departmental ceremony is a nice complement to the less formal University of Kansas Commencement held outdoors in Memorial Stadium each May where students take the traditional “walk down the hill” with often heavily decorated caps and gowns.)

**This year’s ceremony is scheduled for Saturday, May 17 at 1 pm at Woodruff Auditorium in the Kansas Union.**

Students planning to attend the ceremony should complete the registration form available on the website by April 15. Additional information about seating for guests, appropriate attire, and photos is also available at: ([http://economics.ku.edu/graduation_ceremony/index.shtml](http://economics.ku.edu/graduation_ceremony/index.shtml))

The Department announced in February that KU alum Rachel Koch would serve as this year’s invited Guest Speaker. Rachel, who received her undergraduate degree in economics from KU in 2008, more recently oversaw development of an award-winning website ([www.closethewagegap.com](http://www.closethewagegap.com)) in response to a challenge issued by President Obama’s National Equal Pay Task Force (see Fall 2013 edition of the *KU Economist*). She was honored last June at a special White House ceremony commemorating the 50th Anniversary of President Kennedy’s signing of the Equal Pay Act of 1963.

The program is scheduled to last approximately 30 minutes. Immediately following the program, students, families and friends are invited to a reception hosted by the Department at Alderson Auditorium.

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**Program Schedule**

- Processional
- Welcome and Introductions
- Guest Speaker
- Student Speakers
- Presentation of Senior Students
- Presentation of Master Students
- Presentation of Doctoral Students
- Alma Mater and Rock Chalk Chant
- Recessional

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Rachel Koch, seen here meeting with President Obama at a special ceremony commemorating the anniversary of the signing of the Equal Pay Act of 1963, will be the Guest Speaker at the 2014 Economics Department Graduation Recognition Ceremony (Photo courtesy of the White House)
*** KU Economics Club Update ***

The KU Economics Club has continued to build momentum throughout the 2013-14 academic year, hosting a number of guest speakers and events. Speakers have included Michael Iglinski, auditor for City of Lawrence, on measuring the economic efficiencies in the city’s waste and recycling programs; Michael Viazzoli, Bank of Kansas City CEO, on the importance of a degree in economics to achieving success in banking; and Dr. Robert Glass, Kansas Corporation Commission Chief of Economics and Rates, on how economics is used by the KCC in determining rate cases.

On the latter issue, the club heard from Dr. Glass, a KU alum, late in the Fall semester at the Kansas Union’s English Room. He lamented that a lot of young economists come to the KCC early in their careers and then tend to cycle on through and go to work for utilities, since the state’s salary structure has not been competitive enough to retain many of these skilled workers, especially in the wake of the Great Recession and its impact on state revenues.

Dr. Glass explained that utilities are incredibly risk-averse and try to shift as much of the risk (cost) on to customers through the rate process as they can. Rate cases are considered the “big events” at the KCC, and water and natural gas rate cases are generally much easier to resolve than electricity cases. He observed that electricity rate cases, almost by definition, are much more complicated if for no other reason than electricity cannot be stored. Because of some of the complexities inherent with electricity, electrical engineers tended to dominate the policy and rate discussions for many decades, and economists did not begin to get more heavily involved until the 1960s, he said. But now it is commonplace for econometric analysis to be applied to normalize weather data and develop models that forecast demand based on the number of customers and other factors.

He said that during his days at KU, Dr. Mohamed El-Hodiri’s classes had been especially helpful in teaching him about modeling techniques. Dr. Glass has been working for almost a decade on various issues relating to cost-benefit analyses for wind generation. He told the club that one of the problems with wind farms relates back to the issue that electricity cannot be stored. Specifically, a lot of wind tends to occur during periods when there is not peak electrical demand. In August in the Flint Hills there is very little wind during the day; but the winds pick up at night (when demand has diminished).

He reacted to the recent (Sierra Club v. Moser) Kansas Supreme Court decision rejecting the permit for the controversial Holcomb coal plant in southwest Kansas, saying that based on numbers he had seen, it was not entirely clear to him that the plant would have ever been built in the first place for cost reasons – even if the courts had given the project the green light.

Dr. Glass said that there was one thing that had occurred to him frequently over the years while working with people in both the public and private sectors on rate cases and related issues.

“Not everyone is an amateur accountant or engineer. But everyone thinks they are an amateur economist.”

Guest Speaker Outlines Why Poverty Rate May Be Understated

The Economics Department Guest Speaker Series has continued to bring to campus during the 2013-14 academic year a number of prominent economists from around the country.

One such featured guest, Dr. Chris Bollinger from the University of Kentucky, appeared on March 7 at Snow Hall and presented “The Role of CPS Non-Response on the Level and Trend in Poverty” to a packed audience of students and faculty.

Dr. Bollinger explained that there is a relatively high non-response to earnings and income questions in the annual March Current Population Survey (CPS) administered by the US Census Bureau.

So in order to estimate the official poverty rate, a “hot-deck” imputation process has been used since the late 1980s to address the non-response, where generally values are assigned to missing data based on data obtained from individuals with similar characteristics. Some of the previous work of Dr. Bollinger and his co-authors suggests that an alternative approach of substituting administrative earnings data obtained from Social Security Detailed Earnings Records (DER) and IRS W-2 forms to match with the CPS data implies that the overall poverty rate may be higher than the “official” poverty rate; and that the hot-deck imputation methodology may therefore be causing the level of poverty to be understated.

He further explained that his latest work involves a “Goldilocks” averaging approach (wherein the DER approach and another alternative of simply dropping imputed earners completely are averaged) to provide an even better estimate of the actual poverty rate.
**Juhl Named Wu Associate Professor of Economics**

The KU Economics Department announced during the Fall semester that Dr. Ted Juhl has been named the De-Min and Chin-Sha Wu Associate Professor of Economics in association with his receipt of the initial Wu Faculty Award in Economics.

Dr. De-Min Wu is a renowned econometrician who taught at KU from 1964 to 1999. He is credited with development of the Wu-Hausman Test, an important tool to evaluate the endogeneity of a variable.

Dr. Wu’s children, Lawrence Wu and Clara Wu Tsai, both of whom grew up in Lawrence, contributed $100,000 to establish the De-Min and Chin-Sha Wu Faculty Award to honor their parents. The fund will provide for a rotating award to honor excellence among associate professors in the Economics Department.

The Economics Department’s Executive Committee announced that Dr. Juhl would hold the award for two years or until his promotion as full professor.

Dr. Juhl, who specializes in econometrics, statistics, and financial economics, came to KU as an assistant professor of economics in 1999 before being named associate professor in 2005.

“Ted is certainly highly deserving of this honor, and I think it particularly appropriate that the first recipient is an econometrician,” said Dr. Joe Sicilian, Chair.

**Alumni Updates**

**Robert Bruce McLean**, who lives in Lincoln, Nebraska, writes that he is still working as a mentor in mathematics to highly gifted students in the Lincoln Public School system.

**Mike Edwardson**, who graduated from KU in the Summer of 1969, was drafted into the US Army as an airborne pathfinder, a position involving extensive parachuting and air traffic control of helicopters in combat situations. He says that after leaving the army, he ultimately “wound up in Reno, NV (after many other adventures) running my own distribution business” for over 40 years. Mike, who is now retired, says that his economics and psychology degrees from KU gave him the intellectual tools necessary to succeed in the military as well as in the private sector. He said that he very much enjoys staying in touch with KU and the Economics Department via the *KU Economist*.

**Chadin Rochananonda**, who received his doctoral degree from KU in 2004, currently works in Thailand for the Ministry of Finance Fiscal Policy Office. A specialist in public finance, general equilibrium models, and econometrics, Dr. Rochananonda credits his professors and advisors at KU for his success, especially Dr. Joshua Rosenbloom and Dr. Mohamed El-Hodiri. He also teaches MPA courses on public finance at Dhurakij Pundit University and Northeastern University; and previously taught a course on taxation for a number of years at Chulalongkorn University. His recent publications have included “The Study and Development of the Islamic Insurance Industry in Thailand” and “How Imports and Tariffs Illustrate the Supply-Side Economy in Thailand”. Chadin also reports that a number of other KU Economics Department alumni are thriving in Thailand, including Watcharas Leelawath, the Executive Director of Thailand’s International Institute for Trade and Development.

**Shenji Pan**, who graduated in 2013, has been instrumental in working with the KU Alumni Association in helping establish an official KU China Alumni Chapter. Shenji, who graduated with Highest Distinction (top 3 percent of College of Liberal Arts and Sciences graduates) and received the Domenico Gagliardo Award at the KU Economics Department Awards Banquet last April, says that he very much appreciates the high-quality support he received during his time at Snow Hall and on campus and wanted to give something back to the community that had nurtured him by helping with alumni outreach and in building important Jayhawk networks in China.
Kansas “State of State” Economic Policy Conference Focuses on Tax Law Changes

The evaluation of the Kansas fiscal experiment has begun, but much analysis is still ahead. The Kansas Economic Policy Conference highlighted that one of the important questions for evaluation as the experiment plays out will be “Was it balanced?” – Kansas Health Institute News Service

The 2013 Kansas Economic Policy Conference, organized by Dr. Donna Ginther, Economics Professor and Director of the Center for Science Technology & Economic Policy at the KU’s Institute for Policy & Social Research, focused on a number of major changes enacted in 2012-13 in the Kansas state tax structure. This year’s conference (“The Kansas Fiscal Experiment – Impacts on Communities”), which was held at the Kansas Union in late October but also video-cast to a western Kansas site in Ulysses, drew a record crowd of over 150 registrants eager to hear about the policy implications of the sweeping new tax provisions.

Proponents of the new law generally have argued that the massive income tax cuts and rate reductions will stimulate economic development and employment; while opponents have worried that the changes could imperil funding for education and a number of other important state services, as well as create a more regressive tax system.

Keynote speakers at the KEPC included Chris W. Courtwright, Chief Economist for the Kansas Legislature; Carolyn Bourdeaux, Associate Professor in the Department of Public Management and Policy in the Andrew Young School of Policy Studies and Associate Director of the Fiscal Research Center at Georgia State University; and Justin Ross, Assistant Professor in the School of Public & Environmental Affairs at Indiana University.

As you will recall, we launched the KU Economist several years ago to improve and expand on our alumni outreach efforts. I am quite proud of the work we put into this publication each semester to keep all of our stakeholders informed about the goings on here at KU. I know that the KU Economist has been pointed to as a template of sorts in encouraging other departments to develop and expand upon their newsletter efforts.

I had to laugh at one of our alum’s observations in this issue that everyone tends to fancy themselves as an amateur economist – even though they do not necessarily think of themselves as amateur accountants or engineers. For that special group of you who has received formal training here at KU and can consider yourselves “professional” economists, I hope you enjoy reading each semester about what is going with your fellow graduates now scattered around the globe who came through the Department.

In this issue, I was especially impressed by updates that point to how a KU economics degree has helped people succeed in any number of diverse endeavors – from mentoring gifted high school students to jumping from helicopters in the US Army before later running a distribution business to developing fiscal policy in Thailand to helping jump start an alumni chapter in China. And I’m very pleased that one of our most famous alums, Nobel Laureate Vernon Smith, is being honored by KU in a very special way this year (see page 1).

Our other point of emphasis is to keep everyone informed about the latest activities and accomplishments of our award-winning faculty and students alike, and you will find a number of features in this edition I hope you find interesting about their latest honors, conferences, and publications.

Come by my office in Snow Hall the next time you are in town to say “hello” -- or even consider coming some Friday afternoon to sit in on one of our fascinating guest lectures we often host that feature the latest research from prominent visiting economists from around the world. In the meantime, please do keep sending us your latest news and updates, as we want to stay in touch with everyone on an ongoing basis and would be delighted to include your alumni update in the next edition of this publication.

Rock Chalk!

– Joe Sicilian