NIH Responds to Ginther Study on Race-Based Discrepancies

The National Institutes of Health (NIH) in late December announced a series of new initiatives in response to a groundbreaking study published the year before by KU Economics Professor Dr. Donna Ginther regarding the likelihood of black applicants to receive NIH grants (see Fall 2011 edition of KU Economist).

That research (“Race, Ethnicity, and NIH Research Awards” – published originally in the August 2011 edition of Science) 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 as the lead author was quoted extensively by the New York Times and USA Today; and gave interviews to PBS and National Public Radio. She explained at that time that she and her fellow researchers had utilized data from a wide variety of sources, gathering over 80,000 observations.

The NIH initially responded to the paper’s findings by forming a special Working Group on Diversity in the Biomedical Research Workforce that conducted follow-up research and held public hearings during 2012. That group’s final report, which specifically cited Dr. Ginther’s research as the catalyst for its recommendations, unveiled new policy initiatives that will include bias and diversity awareness training to improve NIH’s peer review process; the creation of a pilot program designed to make grant applications anonymous; creation of a chief diversity officer position within NIH; implementation of a new mentoring network that will connect students, postdoctoral fellows and faculty with experienced mentors; and the development of special workshops on grantsmanship.

“Part of our mission at KU is to conduct research that benefits society,” Dr. Ginther said on December 18 in a special KU press release issued in response to the NIH report. “In this case, our research has prompted the world’s premier biomedical funding agency to examine its policies and find ways to encourage diversity in the science workforce. It’s exciting and rewarding to have that kind of positive impact.”

In May of 2012, she had been named recipient of KU’s prestigious University Scholarly Achievement Award in recognition of the importance of her findings. That award, which is given to honor mid-career scholars who have made significant research contributions to their fields, was presented during a special ceremony on campus by Chancellor Bernadette Gray-Little.

NIH, a component of the US Department of Health and Human Services, is the primary federal agency conducting and supporting basic, clinical and translational medical research; and is responsible for investigating the causes, treatments and cures for both common and rare diseases.
One prominent KU Economics Department alum, David Booth, enjoyed a new round of feel-good publicity in October when a special documentary on ESPN outlined his game-saving intervention on behalf of KU basketball fans to secure the original rules of basketball for permanent display at Allen Fieldhouse. David graduated from KU with his undergraduate economics degree in 1968 before staying on in Lawrence to get his master’s from the business school in 1969.

A landmark ESPN documentary that aired in October featured the dramatic story of the decision by KU Economics alum David Booth to purchase James Naismith’s original “Rules of Basket Ball” for permanent display at KU.

The documentary (There’s No Place Like Home) chronicles KU basketball fan Josh Swade’s quest late in 2010 to enlist financial support from famous KU athletics benefactors to purchase the original handwritten copy of James Naismith’s “Rules of Basket Ball” that were posted on a YMCA wall in 1891. Naismith later would serve as KU’s first basketball coach and mentor for Forrest C. “Phog” Allen, considered the greatest coaching legend of his era. Swade, a student of the game schooled in Jayhawk history and tradition, said that he knew the original rules belonged in Lawrence on Naismith Drive in Allen Fieldhouse.

After seeing that the rules were being auctioned by Sotheby’s in New York, Swade began scrambling around the country producing a documentary, which helped him acquire interviews with current KU Coach Bill Self and former coaches Larry Brown and Roy Williams. All three coaches said they thought Naismith’s rules belonged at Allen Fieldhouse, and those videos convinced Booth to pledge up to $1 million prior to the auction.

But when the bidding for the historic document (auctioned on the same stage as a copy of the Emancipation Proclamation signed by Abraham Lincoln that had been later owned by RFK; and an American flag that flew at Custer’s Last Stand) began at more than $1 million, the documentary captured the angst of Swade and the rest of Jayhawk nation as David and his wife Suzanne sat calmly at a table deciding how high they were willing to go.

The drama then unfolds as another bidder keeps topping Booth, who goes all the way up to $3.8 million until Sotheby’s brings down the gavel. The final purchase price, including all commissions and fees, was $4.33 million, a record for sports memorabilia. Although Booth’s acquisition of the rules for KU was well known at the time, he startled the basketball world in April 2012 when he revealed to the Lawrence Journal World that the competing bidder was a Duke graduate trying to acquire the rules for display in Durham. This unnerving anecdote is confirmed in There’s No Place Like Home. (Swade, for his part, dismissed the Dukies in the documentary as a relative newcomer who “didn’t start winning championships until the ’90s,” and even went out of his way to taunt the Blue Devils and their fans by filming himself doing the Rock Chalk Chant in Cameron Indoor Stadium.)

“This is one of those extraordinary moments in one’s life where you can do something that’s truly memorable.” – KU Econ Alum David Booth in There’s No Place Like Home

The documentary aired nationwide on ESPN on October 16 but had a special screening at the Lied Center three days earlier, where a raucous crowd cheered the cliff-side confrontation won by Booth on behalf of Jayhawks everywhere. His latest act of generosity is that much more impressive given that he had already distinguished himself as a result of previous gifts that led to the establishment of the Booth Family Hall of Athletics at Allen Fieldhouse.


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nently housed as an addition to Allen and the Booth Hall. That new facility, as well as the fanfare surrounding the rules and their purchase, is sure to be an economic boon for both KU and the Lawrence community as a result of the additional tourism expected to be generated. Current plans call for the project to be completed in 2014.

David also had allowed the rules to be displayed for several months in 2011 at the Nelson Atkins Museum of Art in Kansas City.

In addition to the efforts of Swade and KU’s last three basketball coaches, the documentary makes it clear that another “assist” needs to be credited to Mark Allen, Phog’s grandson. Allen was instrumental in helping the others convince Booth of the importance of bringing the rules “home” where they belong.

David is chairman and CEO of Dimensional Fund Advisors, one of the largest institutional fund managers in the US. He founded the company in 1981. He had most recently been honored earlier in 2012 as a recipient of the KU Business School’s Distinguished Alumni Award in a special ceremony at the Oread Hotel. He and Suzanne live in Austin, Texas.

“When David and I talked (prior to the auction), what I tried to say was what it (acquisition of the rules) would mean to every alum that’s ever given a dollar to this place; every student that’s ever attended a class here; and certainly what it could mean to us as a basketball program.” -- KU Coach Bill Self in There’s No Place Like Home

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 118 undergraduate economics degrees were granted in the 2011-2012 academic year (up from 108 the previous year); 16 master’s degrees; and 1 doctoral degree. The latest OIRP data for 2012-13 show 417 students currently pursuing economics degrees at KU.

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<th>Economics Degrees (2011-12)</th>
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<td>Baccalaureate: 118</td>
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<td>Masters: 16</td>
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<td>Doctoral: 1</td>
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KANSAS ECONOMIC POLICY CONFERENCE DISCUSS ISSUES, CHALLENGES

A number of participants met at KU in late October for the annual Kansas Economic Policy Conference (KEPC), organized this year by the Economics Department’s Dr. Donna Ginther, to discuss ongoing issues and challenges unique to Kansas. The KEPC was presented by KU’s Institute for Policy and Social Research and held at the Kansas Memorial Union.

The conference panels focused on innovation and economic development; regional economic growth strategies and synergies being employed by local communities; and the effectiveness in other states of policies that had been designed specifically to foster growth.

Another major issue frequently discussed by panelists involved the policy implications of the new Kansas income tax law which became effective in tax year 2013. Dr. Joe Aistrup from Kansas State University said that the two biggest concerns involved the emergence of new equity issues (since certain taxpayers claiming non-wage business income will be exempt from taxation altogether, while wage earners will not); and the implications for the state budget of tax cuts expected to exceed $800 million annually.

Kansas Board of Regent member Kenny Wilk, who earlier in his career as a legislator had served as chair of the House Tax Committee, acknowledged that while the new law represented a “bold” public policy move, any offsetting revenues coming from economic growth as a result of the tax cuts would not be arriving immediately.

“We don’t know how long this is going to take,” he said. “It would be very, very difficult to expect quick results. It takes time.”

Dr. Ginther in her concluding remarks to the KEPC reminded everyone of the importance of universities – that they hold long-term institutional knowledge that is badly needed to help guide economic development, given that the political process by definition has a shorter attention span and focuses much more heavily on the short term.

GRADUATE STUDENT NEWS

Anne Barthel presented “Monotone Comparative Statics and the Gross Substitutes Property” at the Southern Economic Association Annual Conference in New Orleans.

**Faculty News**

**William A. Barnett** gave multiple lectures around the globe in 2012 in the wake of the publication of his award-winning book (see page 12), *Getting It Wrong: How Faulty Monetary Statistics Undermine the Fed, the Financial System, and the Economy* (MIT Press, 2012), on the real causes and culprits behind the global financial crisis. In addition to book-related appearances in Hawaii, Atlanta, and Overland Park, he gave a special presentation in December at the Asian Meetings of the Econometric Society in Delhi, India on the development of the new Divisia Monetary Aggregates by the Center for Financial Stability (where Dr. Barnett directs a program overseeing the release of critical data to the public that the Federal Reserve has historically failed to provide). He also recently co-edited the proceedings of an international symposium on computational economics and finance, *Recent Developments in Alternative Finance: Empirical Assessments and Economic Implications* (Emerald Press, 2012); and wrote an important op ed for the *Kansas City Star* entitled “Fed’s Current Stance is Tragically Wrong”, (November 6, 2012). As a member of the Scientific Committee, he is currently involved in organizing the First International Workshop on Market Microstructure and Nonlinear Dynamics -- scheduled for Paris in June. Special issues of two economic journals, the *Journal of Econometrics* and *Econometric Reviews*, are currently being prepared in Dr. Barnett’s honor.

**John W. Keating**, a specialist in macroeconomics, time series econometrics, and monetary theory and policy, in November presented “What Do We Learn from Blanchard and Quah Decompositions if Aggregate Demand may Not be Long-Run Neutral?” at a Midwest Macroeconomics Meeting in Boulder; and over the summer made two presentations of “Monetary Aggregates or Interest Rates? The Optimal Monetary Instrument Revisited” at conferences in South Bend, Indiana and San Francisco. He also in June gave a special presentation of his paper, “What’s so Great about the Great Moderation? A Multi-Country Investigation of Time-Varying Volatilities of Output Growth and Inflation” (co-authored with Victor J. Valcarcel), at a prestigious international economics conference in Mannheim, Germany. Recent publications include “Greater Moderations” (also with Valcarel in *Economics Letters*); “Interpreting Permanent Shocks to Output When Aggregate Demand May Not be Neutral in the Long Run” (forthcoming in the *Journal of Money, Credit and Banking*); and “Forecast Design in Monetary Capital Stock Measurement” (with William A. Barnett and Unja Chae in the *Global Journal of Economics*). While abroad last summer, Dr. Keating also participated in a special European Central Bank Workshop in Frankfurt, Germany on non-standard monetary policy measures.

**Paul Comolli** presented his paper, “Product Quality, Market Structure and International Trade”, at the annual conference of the Western Economic Association International in San Francisco last June. He later in October presented his paper, “The Co-Movement of FDI and Migration in OECD Countries”, at the International Atlantic Economic Society’s annual conference in Montreal. Dr. Comolli also served as a discussant at both conferences.

**Pym Manopimoke** is having a chapter entitled “Hong Kong Inflation Dynamics: Permanent and Transitory Relationships with the US and China” published in the forthcoming book, *State-Space Models and Applications in Economics and Finance*. Another paper, “Trend Inflation and the Nature of Structural Breaks in the New Keynesian Phillips Curve”, is forthcoming in the *Journal of Money, Credit and Banking*. Dr. Manopimoke also has made a number of recent presentations, including at the Federal Reserve Bank of Kansas City, the Hong Kong Monetary Authority, Ritsumeikan Asia Pacific University in Japan, and Thammasat University in Thailand.

**Joshua Rosenbloom** recently began an appointment at the National Science Foundation serving as Director of the Science of Science and Innovation Policy Program. He also has published “Exports from the Colonies and States of the Middle Atlantic Region, 1720-1800” in *Research in Economic History* (with Tom Weiss and Peter C. Mancall); and presented that paper at Seoul National University and Rensselaer Polytechnic Institute.

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**Alumni Profile**

One well-known KU Economics Department alumnus, **Corky Nason**, said that he has very much enjoyed reading the last several issues of the *KU Economist*. He graduated from KU with his economics degree in 1956 and has a number of fond memories of his days in the department, including his time as a “student grader” working with Dr. Richard Sheridan. He also remembers taking economics courses from Dr. John Ise. (Dr. Ise was on the economics faculty at KU from 1916 to 1955, wrote eight books, and served as President of the American Economics Association.)

Corky, the founder of Nason Associates, Inc, has worked almost exclusively since the late 1960s in all forms of aviation insurance, specializing in aircraft manufacturers products liability. A past president of the Aviation Insurance Association, he is also a private, multi-engine, instrument-rated pilot who has logged over 2,500 hours.

He said that he wanted to let all the students currently at KU know that his degree in economics prepared him quite well for his four years of active duty as a Naval officer, as well as his future career in insurance.

**http://economics.ku.edu**
Faculty News continued...


Lecturer Dan Owens also has served as Professor of Economics at Johnson County Community College since 2004.

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Additional information on faculty, their areas of research interest, and recent activities and publications may be found at [http://www.economics.ku.edu/people/faculty.shtml](http://www.economics.ku.edu/people/faculty.shtml). Additional information on current working papers also is available at [http://econpapers.repec.org/paper/kanwpaper/](http://econpapers.repec.org/paper/kanwpaper/).

*** KU Economics Club Update ***

The KU Economics Club has continued to build momentum throughout the 2012-13 academic year, hosting a number of guest speakers and events. Topics have included what the policy changes associated with the new state income tax law will mean for the traditional “three-legs-to-the-stool” approach to state and local finance; and advice on how to best break into banking as a career.

On the latter issue, the club heard from Michael Viazzoli, CEO of the Bank of Kansas City. Viazzoli received his undergraduate degree in economics from UC-Davis before later obtaining his MBA from the University of Chicago. He said that a degree in economics was particularly beneficial as preparation for going into banking because of the extent to which it helps people understand the dynamics of specific industries.

Viazzoli told the students that obtaining an internship between their junior and senior years was often another critical first step to landing a job in banking, as well as other industries. He gave additional tips to the future economists who will soon be seeking full-time employment, not the least of which were managing their online presence and the importance of a good handshake.

The Bank of Kansas City has over $440 million in total assets and 130 employees. Its parent, Tulsa-based BOK Financial Corporation, has more than $24.6 billion in assets and boasts that it was the largest US bank to not accept federal Troubled Asset Relief Program (TARP) bailout funding.

The Economics Club also hosted a special dinner for Ting Liu, who graduated with an MA from KU in 2011 and has been instrumental in launching a successful new company that manufactures dog toys (see page 9).

Dr. Laura Dague was recently named Assistant Professor at the George H. W. Bush School of Government and Public Service at Texas A&M University. She received her undergraduate degree in economics (with honors) and math from KU in 2007 before moving on to receive both her master’s (2010) and doctoral degrees from the University of Wisconsin (2012).

Dr. Dague’s research interests include health economics and applied microeconomics. Her recent publications are extremely relevant to ongoing national discussions in that they involve changes in the Medicaid program and federal health reform. She was recently named recipient of a special grant from the Robert Wood Johnson Foundation earmarked for analyses that will help guide states as they plan for and implement health reform strategies in the wake of the federal Patient Protection and Affordable Care Act (often referred to as “Obamacare”). The grant provides continued funding for her research on assessing the impact of Medicaid coverage expansion on health-system capacity and costs.

While still an undergraduate at KU, Laura in 2007 was named recipient of the John Ise Award, given by the Economics Department to recognize the most outstanding academic achievement.

She is attached to the Bush School’s Master of Public Service and Administration program.
KU Alum Partners with Clinton Global Initiative to Speed Relief to Hurricane Sandy Victims

The international reputation of Team Rubicon, an organization co-founded by a KU Economics Department alum, has continued to grow thanks to the stunning successes realized in bringing disaster relief to victims of Hurricane Sandy on the East Coast. William McNulty, a KU grad who co-founded the group and continues to serve as its vice president, helped oversee a special partnership with the Clinton Foundation and Clinton Global Initiative that mobilized over 1,000 volunteers to the Rockaways in Queens on November 18 to participate in a special "Day of Action" for New York.

The Rockaways were an especially hard-hit peninsula where thousands of residents faced extensive damage, loss of power and danger from ongoing fires. Many victims were without heat, power or running water for weeks after the storm. Team Rubicon partnered with President Bill Clinton and Chelsea Clinton in organizing volunteers to spend more than 5,000 hours on one day in clearing debris, cleaning flooded basements, cleaning the beachfront and distributing disaster relief supplies.

Team Rubicon is a special first-responder disaster team formed in the wake of the 2010 Haiti earthquake. The group unites the skills and experience of military veterans with first responders to rapidly deploy emergency response teams into crisis situations. Hundreds of veterans, many of whom have recently returned from war, have been able to find a renewed sense of purpose by utilizing their skills and experiences as part of Team Rubicon. The group has successfully deployed resources and impacted thousands of lives in the wake of tsunamis, earthquakes, floods, and tornadoes in Haiti, Chile, Burma, Pakistan, and Sudan; as well as Vermont, Maryland, Missouri, Alabama, and New York here in the US. The rapid response deployments have proven to be crucial in bridging the time gaps between most large humanitarian disasters and conventional aid responses.

McNulty is a former Marine who served previously in both the infantry and military intelligence. He has worked in support of the Defense Intelligence Agency, the National Security Council’s Iraq Threat Finance Cell, and the Under Secretary of Defense for Intelligence. He received his undergraduate degree in economics and communications studies from KU before moving on for his master's degree in government security from Johns Hopkins University. His unique area of expertise has proved critical in deploying Team Rubicon to multiple locations around the world which provide a variety of different communications and security challenges.

Under the new formal partnership with the Clinton Global Initiative, Team Rubicon has now committed to engaging veterans and military family members in 1.5 million hours of volunteer service in communities nationwide by July 2013.

Team Rubicon also was named recipient of a Chase American Giving Award of $125,000 during a special December 8 broadcast on NBC.

“You can identify progress in the work that we are doing. And progress was something that was really hard to identify over the last 10 years in Iraq and Afghanistan. But when you're re-roofing someone's house in Joplin where a tornado has just torn off part of the roof, progress is tangible.” – William McNulty on NBC’s Last Call with Carson Daly
ASIEDU GIVES SPECIAL SEMINAR ON RELEVANCE OF GENDER TO CREDIT IN SUB-SAHARAN AFRICA

Appearing as part of a special gender seminar series at the Hall Center for Humanities on November 26, Dr. Elizabeth Asiedu outlined her latest important research paper, “Access to Credit in Sub-Saharan Africa: How Relevant is Gender?” Using World Bank survey data on almost 35,000 firms from 90 developing countries, the project analyzed whether female-owned firms are more financially constrained (lacking access to credit) than male-owned businesses.

Results from separate regressions for firms in the four developing regions -- Sub-Saharan Africa (SSA); Latin America and the Caribbean; East Asia and the Pacific, and East and Central Europe -- show that while there is no gender gap in the latter three regions, female-owned firms in SSA are more likely to be financially constrained than are male-owned firms. This gender gap is subsequently shown to be robust to variations in specifications and estimation procedures.

The paper is co-authored by Isaac Kalonda-Kanyama (University of Johannesburg and a recent KU graduate), Leonce Ndikumana (University of Massachusetts), and Akwasi Nti-Addae (University of Kansas current graduate student). Dr. Asiedu said during the presentation that running separate regressions for the four developing regions represented a key innovation to the literature. Since the research obviously has groundbreaking policy implications relative to the necessity of promoting gender equity and private sector development in Africa, that innovation – the analysis of data unique to SSA countries as opposed to the larger global data set – is believed to be especially critical relative to policy formulation.

She told the seminar that she hopes the project will open up a number of exciting opportunities and challenges for additional research based on several caveats associated with the World Bank survey data that were utilized. The 2006 survey lacked detailed information about the number of owners of each business and the distribution of ownership shares for each gender. Information also was not included on the attributes of firm owners, including educational attainment, credit history, and personal wealth. Future research also would need to analyze the potential credit gender gap relative to firms with less than five people. Finally, additional efforts should attempt to acquire data from Nigeria (not available in the World Bank survey).

The authors subsequently presented the paper in January at the annual meeting of the American Economic Association at the annual meeting of the American Economic Association.

GLOMM MODELS ELECTORAL SUCCESS OF EDUCATION VOUCHERS

Getting into the always controversial topic of K-12 education vouchers, Dr. Gerhard Glomm presented some of the most recent quantitative analysis regarding vouchers’ electoral success and failure at the KU Economics Department’s Guest Lecture Series in September.

Speaking on the “Political Economy of Education Vouchers,” Dr. Glomm said that his research on the topic has been a work in progress since the 1990s. One of his most recent publications from 2009 (“Why Do Education Vouchers Fail?”) examined quantitatively why uniform vouchers have suffered defeat at the ballot box relative to the current “mixed” system where both public and private K-12 schools coexist.

He said that the latest research continues to show that while uniform vouchers have little chance to garner majority support under the current mixed educational system, means-tested vouchers have a greater likelihood of electoral success because of their attraction to both lower and upper income households.

His other recent publications include “Social Security, Public Education and the Growth-Inequality Relationship” (European Economic Review); and “Macroeconomic Implications of Early Retirement in The Public Sector: The Case of Brazil” (Journal of Economic Dynamics and Control).

Dr. Glomm, who is a KU Economics Department alum, said he very much enjoyed his return visit to Lawrence and the opportunity to walk around campus again. He received his undergraduate degree in economics from KU in 1981 before moving on for his doctoral degree from the University of Minnesota in 1988. He is currently a professor of economics at Indiana University.
Neary Named Ex.C.E.L. Award Finalist

KU senior Nell Neary added to her impressive list of accomplishments during the Fall semester when she was named as one of 10 finalists for the Ex.C.E.L. Award, which is given out annually to students in acknowledgment of excellence in community service, education, and leadership.

Neary, who is a senior from Omaha majoring in economics with a minor in business, is president of Chi Omega sorority, serves as a KU Student Senator, and is program co-chair for The Big Event, an annual day of volunteer service that unites the KU and Lawrence communities. Ex.C.E.L. nominees are required to have an overall grade-point average of at least 3.0 and complete an interview process before being considered for the honor.

The Ex.C.E.L. Award is one of several honors announced 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 created in 1991 and recognizes one male and one female each year. Neary and the other nominees were recognized at halftime of the KU-Texas football game on October 27.

The 2012 festivities marked the second consecutive year that a KU senior economics major had been named as a finalist for the prestigious award. James (Greg) Loving was similarly honored in 2011.

Neary’s activities as a finalist included an appearance at the Homecoming Parade on October 26; and getting to wave at the crowd from midfield at the game the next day while being shown on the huge Jumbotron scoreboard.

She said that relative to her experiences in the Economics Department, she so much enjoyed Dr. Brian Staihr’s introductory level class her freshman year that she ultimately chose to declare economics as her major. Nell added that Dr. Dietrich Earnhart’s class on environmental economics also had been one of her favorites.

Ever intent on her community service, Nell said that she was looking forward to the challenging task of coordinating and choreographing the activities of over 4,000 volunteers at The Big Event in and around Lawrence on April 13.

Lugovskyy Returns to Nation’s Capital

Josephine Cruz Lugovskyy, who received her PhD from KU in December, is currently teaching as an adjunct professor in the mathematics department of a small college in the Washington, DC area. She said that she has been trying to stay out of DC itself as much as possible because of the traffic nightmares; and that she has yet to run into any famous politicians. She had worked in the area previously as part of a special summer fellowship program with the US Department of Homeland Security (see Spring 2011 issue of the KU Economist).

Dr. Lugovskyy, who is believed to be one of the first Hispanic females to receive a doctoral degree in economics from KU, said that she was very proud to be where she is today given that her parents did not finish high school. Her husband, Oleksandr Lugovskyy, is also a current KU doctoral candidate expected to receive his degree in 2013.

Conter Presents Distinguished Lecture Series on Financial Economics in Belgium

Dr. Bernard Cornet traveled to Belgium in November to give a special distinguished lecture series on financial economics at the Center for Operations Research and Econometrics/Louvain School of Management Research Institute (CORE-ILSM). Dr. Cornet, who has served since 2004 as the Oswald Distinguished Professor of Microeconomics at KU in addition to his role as a professor of microeconomics at the Paris School of Economics, gave five presentations at the Universite’ Catholique de Louvain.

The distinguished lecture series, which ran from November 6-14, included an introductory lecture on arbitrage and financial structures; a second lecture on computing the cost spread of a financial structure; a third on unbounded arbitrage and the finance economy; a fourth on financial economics with restricted participation; and a final lecture on asymmetric information.
RECENT KU GRAD BUILDING SUCCESSFUL BUSINESS MODEL AT PRIDEBITES

Ting Liu, a recent KU graduate, has continued to build on the remarkable success he achieved by being one of the founders of PrideBites, LLC. Ting, who received his MA at KU in 2011 and was also featured in the Fall 2012 KU Economist, returned to KU in October to visit with his former professors and friends for the first time since graduating and jumping into the whirlwind business of starting a company from scratch that manufactures dog toys.

As Vice President of Production for the company, he is in charge of all production and logistics. PrideBites was awarded the “Coolest New Company of 2012” at the 2012 Global Pet Expo, and the products are available in pet stores a growing number of states, Canada, and on the website (www.pridebites.com). The toys are manufactured in China, and Ting has used his contacts there to land the production contract. But he said that PrideBites is exploring moving some production to the US prospectively.

The company was founded in 2011 by four friends, three of whom were KU students, who each threw in $2,500 to get things rolling. The founders soon moved to California because of licensing issues, as the USC Trojans have a reputation for being the easiest school to work with relative to collegiate merchandise. (Some of the dog toys can be customized to look like team mascots.)

The most recent honor for PrideBites was handed down in December when Pet Business magazine named the company winner of a special Industry Recognition Award honoring innovation, pointing specifically to the flexibility provided by the ability to customize the toys.

In addition to making multiple trips back and forth to China, Ting has attended a number of trade shows, including events in Las Vegas, Orlando, and Chicago, where he has met people from all over the world and built networks and contacts that have been invaluable to PrideBites’ success during its critical early years.

As a student at KU, he said that one of his favorite ways to unwind was to participate in Taekwondo tournaments in Kansas City. He said that all of his economics courses had helped him succeed in business; and he had especially fond memories of courses with professors Gautum Bhattacharya, David Faurot, and Paul Comolli. Dr. Comolli’s classes emphasizing environmental economics have proved especially relevant, according to Ting, who said it “is 100 percent necessary for businessmen today to know all about environmental issues and concerns.”

While back in town for the October visit, the KU Economics Club hosted a special dinner to honor Ting. He said that he hoped to have time while he was back to talk to professor Elizabeth Asiedu and other mentors in the Department about further marketing strategies to continue the Pridebites success story.

WU UNVEILS IMPORTANT NEW PAPER ON NON-GAUSSIAN AFFINE STRUCTURE MODELS

Appearing at KU as part of the Economics Department’s Guest Lecture Series, Dr. Jing Cynthia Wu presented the very latest research from her working paper on “Estimation of non-Gaussian Affine Structure Models” on November 16 at Snow Hall. Dr. Wu, who is a co-author alongside Dr. Drew D. Creal, said that affine term structure models are the workhorse models that help build a bridge between macroeconomics and finance and have important implications for informing monetary policy. She also noted that the Great Recession made it clear models need to be developed that can capture the zero lower bound and time-varying volatility, making it necessary to go beyond the extant Gaussian models. The paper does just that, proposing a new estimation approach for non-Gaussian affine term structure models.

As a test, the Gaussian and non-Gaussian models are applied to a data set from June 1952 through June 2012, a period of 721 months.

Dr. Wu, who received her Ph. D. from UC San Diego, is assistant professor of econometrics and statistics at the University of Chicago’s Booth School of Business.
Jiming Ha continues to ascend at Goldman Sachs

One very influential KU Economics Department alumnus, Dr. Jiming Ha, has continued to climb in prominence at Goldman Sachs. Dr. Ha in August, 2011, was named vice chairman and chief investment strategist of Goldman Sachs’s Chinese investment management division. His primary mission is to help individual high net worth and institutional investment management clients formulate investment strategies and interpret macro trends in China.

Dr. Ha was quoted in late November in a China Daily article discussing the decelerating rate of growth being forecasted for 2013 and 2014 in global trade volume (due in part to ongoing European debt problems) and its implications for Chinese manufacturing and exports.

“It’s hard for China’s exports to grow further unless customers on the moon buy our products,” he told the press.

He initially joined Goldman Sachs in 2010 as a managing director on the Chinese investment banking team. Prior to that, he had served as Chief Economist for the China International Capital Corporation from 2004 to 2010. Dr. Ha received his Ph. D. in economics from KU in 1993.

Theoretical Economics Conference unveils latest groundbreaking research

The Economics Department on December 6 hosted a special conference on theoretical economics that featured a wide variety of exciting new research papers. The event, which was supported by the College of Liberal Arts and Sciences, allowed top researchers and theoreticians from around the country to convene and present their latest findings while interacting with each other to provide additional constructive input.

One paper, “Compressed Equilibrium in Large Repeated Games with Incomplete Information,” by Dr. Ehud Kalai, expanded on the growing interest in Bayesian games. While most models have been restricted to one-shot interaction; based on the assumption that player types are independent; and assume the numbers of players is known, the new research unveiled at KU’s Snow Hall develops a general theory of Bayesian repeated large games that avoids some of these restrictions and assumptions. Providing a more robust analysis, the paper introduces a concept of compressed optimization and equilibrium which is applicable to a special class of anonymous games. Dr. Kalai, the renowned game theorist and mathematical economist from Northwestern University, co-authored the paper with Dr. Eran Shmaya.

Another paper, “Games with Strategic Heterogeneity,” by KU’s own Dr. Tarun Sabarwal and Dr. Andrew Monaco, who received his doctoral degree from KU in 2012 and now teaches at Colgate University, studies games with both strategic substitutes and strategic complements, and more generally, games with strategic heterogeneity (GSH). Such games may behave differently from either games with strategic complements or games with strategic substitutes. Under mild assumptions of only one or two players, the equilibrium set in a GSH is totally unordered (no two equilibria are comparable in the standard product order). Moreover, under mild assumptions of only one player, parameterized GSH do not allow decreasing equilibrium selections. In general, this cannot be strengthened to conclude increasing selections. Monotone comparative statics results are presented for games in which some players exhibit strategic substitutes and others exhibit strategic complements. For two-player games with linearly ordered strategy spaces, there is a characterization. More generally, there are sufficient conditions. The conditions apply only to players exhibiting strategic substitutes; no conditions are needed for players with strategic complements.

Additional papers presented at the conference included “Pricing Securities via Choquet Non-Additive Expectation” (Dr. Bernard Cornet, University of Kansas and Paris School of Economics); “Cyclic Outcomes and Empty Cores: Uniting and Extending Several Theoretical Results” (Dr. Don Saari, University of California, Irvine); “Variational Analysis in Microeconomic Modeling” (Dr. Boris Mordukhovich, Wayne State University); and “Existence of Equilibria in OLG Economies with Durable Goods” (Dr. Jean-Marc Bonnisseau, Paris School of Economics and Universite’ Paris 1).

Koech publishes important analyses for Dallas Fed

Another KU Economics Department alum, Janet Koech, has continued to publish important research as a member of the Dallas Federal Reserve’s Globalization and Monetary Policy Institute. Janet, who works with international monetary issues for the Dallas Fed, specializes in emerging markets and the development of new measures of global economic activity.

Janet Koech, Assistant Economist with the Dallas Fed, specializes in international monetary issues.
She recently wrote an analysis of the importance of mobile banking services in the developing world. (“Bringing Banking to the Masses, One Phone at a Time,” Dallas Federal Reserve’s Economic Letter, October 2012). Since over half of the world’s adult population lacks formal access to financial services (and such access is essential to wealth creation), new research suggests that the continued rapid expansion of mobile banking as an alternative to bricks-and-mortar banks may prove a quicker path to economic development.

Analyzing the development of Kenya’s “M-Pesa” system since 2007, she concludes that while that system has had its share of challenges, its simplicity and a supportive regulatory environment have helped win widespread public acceptance. Mobile phone sales agents, including fuel stations, grocery stores, cooperatives, and courier services, have functioned as de-facto M-Pesa branch banks by taking and disbursing cash. After just three years, there were more than 27,900 M-Pesa outlets, which far outnumbered Kenya’s 840 bank offices.

Janet concludes by noting that the World Bank predicts that mobile money is likely to affect the lives of more than 2 billion people in developing countries by 2020, paving the way for a new era of financial services – services that will no longer be the domain of primarily a small upper class.

Her most recent research, “Core Import Price Inflation in the United States,” was featured in Open Economies Review (November 2012 with co-author Mark A. Wynne) and explores the statistical properties of the cross-section distribution of US import prices, finding that the distribution is characterized by the same fat-tails property also found in the cross-section distribution of US consumer prices. The paper then examines whether limited influence measures had any incremental predictive power for headline import price and headline consumer price inflation. One finding was that during periods of macroeconomic stability (such as the Great Moderation), trimmed mean import inflation measures have some incremental predictive power for headline CPI inflation, but offer little relevant information for future overall import price inflation.

Janet, who holds both her master’s and undergraduate degrees from KU, has been with the Dallas Fed since 2007.

**Graduation Recognition Ceremony – May 18, 2013**

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 18 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 program is scheduled to last approximately 30 minutes.

**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

**Faculty News continued . . .**

**Donna Ginther**, in addition to her work involving NIH grants and organizing the KEPC, made a number of additional presentations, including serving as plenary speaker at the 5th Annual Conference on Understanding Interventions that Broaden Participation in Research Careers; and has published multiple times, including “Standards and Infrastructure for Innovation Data Exchange”, (Science, October 12, 2012). She also is author of a chapter (“Women’s Careers in Academic Social Science: Progress, Pitfalls and Plateaus”) in a forthcoming Cambridge University Press book, The Economics of Economists. On February 18, she gave a special lecture at the Hall Center to recognize her being named the 26th recipient of KU’s prestigious Byron T. Shutz Award for Excellence in Teaching.

**Elizabeth Asiedu** gave the dinner speech at the Economic Development in Africa Conference at Oxford University; and she gave the keynote address at the African Econometric Society Conference in Uganda. She concluded her term as President of the African Finance and Economic Association in December. Her recent publications include “Access to Credit by Small Businesses: How Relevant is Race, Ethnicity and Gender?” (American Review of Economic Review Papers and Proceedings), and “The HIV/AIDS Risk Profiles of Adults in Lesotho, Malawi, Swaziland and Zimbabwe” (Development Policy Review).
MESSAGE FROM THE CHAIR

As Chair of the Department, I always take special pride in observations like those Corky Nason, Ting Liu and Michael Viazzioli make in this edition of the *KU Economist* about how a degree in economics helps prepare graduates to succeed in any number of fields and endeavors.

And I hope in this latest issue, you enjoy reading about just a few of the many successes of our graduates, whether they are working with President Clinton (page 6); conducting interesting research on education vouchers (page 7); publishing on international monetary issues for the Fed (page 10); or having their latest generosity featured on national TV in an ESPN documentary (page 2).

This publication was launched a few years ago not just to celebrate the growing reputations of our alumni, students, and faculty alike; but also specifically to improve our contact with our many alumni. I have been delighted at the response we keep getting from friends from all over the world. Please keep letting us hear from you! We want to know what our all of our alums are up to and how we can help you to continue to interact with the Department and with KU. Send us your latest news and updates and please consider dropping by our office in Snow Hall the next time you are back in Lawrence.

Rock Chalk!

– Joe Sicilian

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
415 Snow Hall
University of Kansas
Lawrence, Kansas 66045

Send News Online
http://economics.ku.edu/newsletter/online_news_form.shtml

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

The Association of American Publishers in February announced that Dr. William A. Barnett’s *Getting It Wrong: How Faulty Monetary Statistics Undermine the Fed, the Financial System, and the Economy* (MIT Press, 2012) had won the prestigious PROSE Award for the best 2012 book in economics. PROSE Awards are given annually to the top books that reflect professional and scholarly excellence.

EARNHART WINS LEADING LIGHT AWARD

KU announced in March that Dr. Dietrich Earnhart, Economics Professor and Director of the Center for Environmental Policy, was named one of the recipients of the Leading Light Award. That award was established by Provost Jeff Vitter in 2012 to recognize faculty who have contributed to KU's research reputation in a major way. The 40 faculty members named were all principal investigators or co-principal investigators on externally funded research grants of at least $1 million awarded during fiscal year 2012. The Leading Light recipients were recognized at a special luncheon and given inscribed bronze sunflowers to acknowledge their research leadership roles. Dr. Earnhart qualified for the award as a result of his research project, “Biofuels and Climate Change: Farmers’ Land Use Decisions”.