The Emory Economist: Keeping Connected (no. 6, December 2011)

Dr. Beverly K. Schaffer, Editor. Contact me at: bschaff@emory.edu or econdept@emory.edu. Department of Economics, Emory University, Atlanta, GA 30322-2240, 404-727-6361

SPECIAL NOTE: VISIT US ON OUR WEB SITE!
The department invites you to connect with us online, via our web site or Twitter and Facebook! You can visit our site at here and we invite you to browse all our online content, but in particular the special section of our site dedicated to our alumni. You can find us on Twitter at http://www.Twitter.com/EmoryEconomics and on Facebook by visiting our department page. We hope these pages will enhance our ability to communicate with the department’s current students, as well as alumni, faculty, staff and friends. A big thank you to Dr. Tanya Molostsova for developing and moderating our social network accounts!

We are also initiating changes that will help us reach a broader student base and maintain connection with our alumni. Among these are a new web design that integrates audio and video into the standard text based content and a Facebook page (http://www.facebook.com/home.php?skip=94851204114&ref=ts) that is intended to provide a platform for communication with alumni and students as well as a networking option for our valued constituencies. The redesigned web will be launched in late January 2010. Video inputs will feature faculty, current students, and alumni discussing program focus and strength, course offerings, and professional opportunities for economists.

TABLE OF CONTENTS:

Chair's Corner
Featured Faculty
Facts and Funds –WE NEED YOUR HELP!
Faculty News and Notes
Stimulating Students
Active Alumni

CHAIR’S CORNER:
The semester is humming along as the Fall colors make the Emory campus shine. The faculty is busy with final exams, students have enrolled in Spring courses, and winter break is around the corner. In the middle of all of this, many things happened. Some old friends came to visit us during homecoming weekend, September 23-35, 2011. Evan Myrianthopolous, ’86C, spoke to a class on the Introduction to International Trade and Finance and Sheldon Konigsberg, ’71C, gave a very interesting talk on economics and our national health policy. (See the article under Active Alumni below.)

On November 3, 2011, we offered a one day conference on current macroeconomic policy and problems. The conference took place at Emory. Co-sponsors included the department, the Federal Reserve Bank of Atlanta, and the Halle Institute for Global Learning. The Goizueta Business School also gave its support. An impressive list of speakers discussed the role of macroeconomics in public policy. The morning speakers* focused on the role of oil prices and fiscal policy during the financial crisis and the role of macroeconometric modeling in recent monetary policy decisions. The afternoon speakers** addressed the role of macroeconomics in shaping important policy decisions by big international banks such as the IMF and the World Bank, as well as the Federal Reserve Board. Distinguished keynote speaker, Alan Blinder, delivered a major address during lunch. Professor Blinder explained the importance of economics in developing and evaluating economic policies. He argued that economics is especially relevant in the current economic situation where the usual monetary policy instruments are not effective and the Fed must resort to unconventional monetary policy instruments.

Professor Alan Blinder
Our own Kaiji Chen, Assistant Professor, moderated the morning session and our own Tetyana Molodtsova, Assistant Professor, moderated the afternoon session. Robin Forman, Dean of Emory College, introduced Dr. Blinder.

**Morning speakers:** James Hamilton, Professor of Economics, University of California, San Diego; Frank Schorfheide, Professor of Economics and Undergraduate Chair, University of Pennsylvania; Jesus Fernandez-Villaverde, Associate Professor of Economics, University of Pennsylvania; Discussants: Juan Rubio-Ramirez, Professor of Economics, Duke University; R. Anton Braun, Research Economist and Policy Adviser, Federal Reserve Bank of Atlanta.

**Afternoon speakers:** Alan S. Blinder, Gordon Rentschler Memorial Professor of Economics, Princeton University; David Altig, Senior Vice president and Director of Research, Federal Reserve Bank of Atlanta; Donald Marron, Director, Urban-Brookings Tax Policy Center and former Acting Director, Congressional Budget Office; Christopher Low, Chief Economist, First Tennessee Financial Corporation.

Events like this conference remind me why I studied economics and the many ways that economics can shape our future.

Dr. Elena Pesavento, Associate Professor and Department Chair

**FEATURED FACULTY:**

Sheila Tschinkel, a Distinguished Visiting Professor, offered an advanced seminar this fall on Foreign Exchange Rate Regimes. We consider ourselves very lucky to have this knowledgeable and experienced scholar working with our students. Happily, she will also teach a course on money and banking during the spring semester.

Let me introduce her to you. Sheila currently serves as an expert on monetary policy for the International Monetary Fund (IMF). She began her career in 1968 as an Assistant VP in the research division of the Federal Reserve Bank of New York. She subsequently worked at Chase Manhattan Bank as a VP and Director of Global Asset Management, at MPH Securities in New York as a Senior VP, and later as a Senior VP and Director of Research at the Federal Reserve Bank of Atlanta, 1985-1996. Her many interesting positions since 1996 include: Resident Advisor to the Governor of the Bank of Lithuania, the Bulgarian National Bank and Minister of Finance, and the Prime Minister of Ukraine. She also served as an Economic Advisor to the Deputy Prime Minister of Uzbekistan, the Office of the High Representative in Bosnia and Herzegovina, the US Treasury Office of Technical Assistance and the Asian Development Bank. Among her many publications is one she co-authored with Marcelle Arak on “Is the Fed Being Asked to do Too Much?”. Central Banking (British Publication), October 15, 2010.

Sheila is a sought after speaker. She recently gave a talk on “The Euro in Crisis”, at a Great Decisions Discussion at Villa International in Atlanta. In our Newsletter of December 2010, I reported on a talk she gave at Emory on the role of central banks in times of crises and what we should do to push the US economy toward a recovery.

An article by Dan Chapman appeared in the Atlanta Journal-Constitution on Sunday, September 11, 2011 comparing Japan’s economic woes to those of the United States. It addressed Japan’s “lost decade” of the 1990s and its continuing economic problems. Quoting a statement made by Fed Chairman Ben Bernake in 1999: “I tend to agree with the conventional wisdom that attributes much of Japan’s current dilemma to exceptionally poor monetary policy-making over the past 15 years.” While Japan revived in the mid-90s, the uptick proved fleeting. Quoting Sheila Tschinkel, Mr. Chapman wrote: “Japanese leaders said, ‘Gosh, our debt is too high, so we need to raise taxes and cut spending.’ So they tightened up and sent the economy into a deep recession. We also did that in the 1930s. So the lesson you’re supposed to learn is that when private sector demand is weak, and unemployment is high, government should add demand and worry less about the deficit.” Offering a glimmer of hope, Ms. Tschinkel stated that Washington was much more “aggressive” than Japan at stabilizing its financial system. “We did better and our banks are not as weak. The situation is working itself out in the housing and financial sectors. I don’t see any huge imbalance in the U.S. economy that makes me think we’ll languish at the bottom forever.”
FACTS AND FUNDS: Fund for Economics Research and Teaching fuels Emory of Tomorrow

Emory's 175th anniversary is about celebrating not just Emory's past, but Emory's future. We hope that as you remember discovering the unique talents that helped propel you to where you are today, you will remember too, the students who have followed in your footsteps, and those who are waiting to follow in theirs.

David Frisvold, Assistant Professor of Economics, and his students recently benefited from the Economics Research and Teaching Fund to support a nationwide Head Start survey with undergraduate senior Roma Bhatia. Head Start is a federal early childhood education program for poor children ages 3 through 5 that serves about 55% of eligible children. Although the eligibility criteria, which are primarily based on income, are defined nationally, local programs have the flexibility to determine which eligible children to admit as long as services are provided to the most disadvantaged applicants. The survey, which was implemented as part of a directed study in Fall 2011 and is the first survey of its kind, will be used to understand the decision-making process of Head Start centers, how this process varies throughout the country, and how Head Start participants compare to non-participants. Overall, this survey is part of a larger research agenda to understand the role of federal and state early childhood education programs in the human capital development of low-income children.

Please consider creating additional opportunities for current and future Emory students and faculty by making a contribution today to the Economics Research and Teaching Fund. The Fund provides critical support to the Economics department to enhance their budget provided by the College. Past financial support enabled the department to host a post graduation reception for graduates and their families in May; host a one-day conference on Current Macroeconomic Policy and Problems on November 3, 2011. (For more information on this conference, please see the "Chair's Corner.") and support undergraduate research partnerships with faculty such as Professor Frisvold.

You can make your annual gift by clicking here.

Thank you so much for being part of Emory's past, and helping to create the Emory of tomorrow.

FACULTY NEWS AND NOTES:

Just thought you might like to know: Emory ranked #10 in Newsweek’s list of the 25 most beautiful college campuses in the nation! Atlanta Journal-Constitution, August 31, 2011

Also, Emory Village restaurants survived the ten-month massive construction nightmare while the county constructed a roundabout in an attempt to better manage traffic at the busy five-point intersection there.


We’re equally proud to report that Paul Rubin will officially become the President Elect of the Southern Economic Association on November 21, 2011. He will become President at the 2012 Annual Meeting in New Orleans.

Paul Rubin presented two papers, one at a conference on “Lessons since the Reagan Revolution at the FTC” on September 24-25, 2011. Paul’s paper, “The FTC Then and Now: Privacy” (with Thomas Lenard) will be published in a conference volume. The other paper, “Two Models of Risk”, he presented at the “Risk and Science” conference at the American Enterprise Institute on November 3, 2011. Paul attended an invited conference on “The Law & Economics of Search Engines and Online Advertising” at the Law and Economics Center at George Mason University. His recent and forthcoming publications include:

“Capitalism and Property Rights,” with our colleague Tilman Klumpp, Oxford Handbook of Capitalism, in press


“Evolution and Freedom,” in Human Freedom Index, Fraser Institute, in press

Is there a scientific explanation for Justin Bieber? Greg Berns studied teenagers listening to new music and concluded that, using neuroimaging, you can predict a song’s commercial success. He stated that “We have scientifically demonstrated that you can, to some extent, use neuroimaging in a group of people to predict cultural popularity.” The media reported on an article that appeared in the Journal of Consumer Psychology, June 8, 2011. Wall Street Journal, June 17, 2011; StarTribune, June 21, 2011; Scientific American, June 21,
Comfort won’t make you happy! According to Greg Berns, Distinguished Professor Neuroeconomics, our core psychological needs are satisfied not by how comfy we feel but by breaking out of the force field of routine. The two key factors in long-term life satisfactions are novelty and challenge. The plush life doesn’t make us happy because, like all external metrics, it doesn’t do anything for you internally, where the real arbiter of gratification lives. Huffington Post, September 14, 2011.

Why don’t investors sell losing stocks? On October 17, 2011, Smart Money reported that a recent study showed that while some investors have taken their losses since 2007, most are grimly sitting on them. One study led by Greg Berns and using brain scanners concluded that many investors who are losing money may automatically assume—rightly or wrongly—that their position is bound to recover.

How to Close the Race Gap in H.I.V.? On August 1, 2011, The New York Times published an article by Hugo Mialon, Associate Professor, and Andy Francis, Assistant Professor, in which they focused on whether policies that promote a positive attitude toward gays tend to reduce the racial gap in H.I.V. infection rates. Their estimates suggest that a 20 percentage point rise in tolerance toward gays – which corresponds approximately to the extent to which tolerance rose in America from the early 1990s to today – is associated with one fewer case of H.I.V. per 100,000 people per year. http://www.nytimes.com/roomfordebate/2011/08/10/fighting-hiv-among-young-black-gay-men/tolerance-for-gays-could-reduce-hiv-rates

Kaz Miyagiwa, visited Zhejiang University in Hangzhou, China, near Shanghai during the summer. He worked with his co-author on spread of antidumping legislation. Kaz serves as Associate Editor of the International Economic Journal and the Journal of Business Inquiry; he is an Associate Professor of Economics at Emory.

Andy Francis, Assistant Professor, began working with a group of adult refugees from Bhutan, a small mountainous country near Nepal. He helps them with English and basic life skills. A few months ago, he also started working with Emory undergraduates to help the children of these refugees with math and reading. He finds the experience rewarding and hopes to involve additional undergraduates next semester.

Tanya Molodtsova presented a paper on “Real-Time Exchange Rate Predictability with Taylor Rule Fundamentals” at the Southern Economics Association Meeting in Washington, DC. Also, she was invited to give a talk on the same topic at a conference on exchange rates organized by Prof. Barbara Rossi at Duke University. She is scheduled to present a paper on “Phoenix Taylor Rule Exchange Rate Forecasting During the Crisis” at the EC2 conference on the theme of “Econometrics for Policy Analysis: After the Crisis and Beyond, which will be hosted by The European University Institute and the University of Florence in Florence, Italy this December.

Happiness Police: The department held its annual Holiday Party on the evening of December 7th.

STIMULATING STUDENTS:

Undergraduate Student News:

We have 550 students who have declared economics as their major and 41 who have claimed it as their minor.

Many alums who graduated during the last decade probably knew John Ford, Senior VP and Dean of Campus Life. He announced his plans to retire in August 2012. A committee led by Dean Robin Forman, Emory College, will search for his replacement.

Graduate Student News:

This past summer, Deliana Kostova received word that an interdisciplinary journal, Tobacco Control, accepted part of her dissertation titled “Is Youth Smoking Responsive to Cigarette Prices” for publication. Tobacco Control published the article in its November 2011 issue on pages 419-424. Deliana is a public health scholar. Associate Professor, Sara Markowitz, directed this dissertation. Anna Gilmore, the senior editor of the journal and a Professor of Public Health at the University of Bath, commissioned an editorial on the paper and recognized it as “a real addition to the literature.”

Delaina aimed to estimate the price elasticity of cigarette demand among youth in low- and middle-income countries. She discovered that cigarette price is an important determinant of smoking. She estimated that the total price elasticity of cigarette demand for this population is -2.11, implying that an increase in price of 10% would reduce youth cigarette consumption by 21.1% at the mean. (You all remember your lessons on price elasticity I’m sure.) Congratulations Deliana!

Matt Nicklay, presented his work on the uses of Python programming to empirically analyze, monitor and untangle Internet markets at a conference on November 18, 2011, hosted by MIT and Harvard. The conference was called the “First Cambridge Area Economics and Computation Day”. Matt presented a poster showcasing the tools he developed with applications to the analysis of competition in Internet markets, specifically the market for Android mobile apps. Congratulations Matt!

Two of our graduate students, Eric Nesson and Josh Robinson, seek positions in academia. Erik wrote his dissertation on “The Distributional Effects of Tobacco Control Policies”. His research interests include: Health
Economics, Law and Economics and Applied Microeconomics. Josh wrote his dissertation on “Asymmetric and Symmetric Fetal Growth Restriction and Human Capital Development.” His research interests include Health Economics, Applied Microeconometrics and Industrial Organization. Professor Sara Markowitz directed both dissertations. Eric and Josh will receive their Ph.D. degrees in May 2012.

ACTIVE ALUMNI:

SPECIAL FEATURE: On Saturday, September 24, 2011, the department held its first Open House and Lecture during Homecoming Weekend. Sheldon Konigsberg* who graduated with highest honors in economics in 1971 gave the lecture. He spoke on “The Study of Economics and the Design of a New National Health System.” Speaking to a full house, he asked several probing questions: What should happen to a person who can afford health insurance coverage but elects not to purchase coverage? If that person then suffers from a catastrophic illness, should he/she be left to die in the parking lot? If not, who pays? What do we do with the 82 per cent of uninsured Americans who are in working families? Did they decide to forego access to health care coverage or did the circumstances of the current system preclude the majority from doing so? Should a person who loses his/her job and gets sick, run the risk of being financially wiped out because health coverage is too expensive? He noted that the current system provides access to health care for prisoners and the indigent, the latter through Medicaid. Finally, should a person who is 65 years of age have access to different coverage than a person who is 64?

Using the treatment of heart attacks as an example, Dr. Konigsberg noted that the medical profession achieved a dramatic improvement in the timeliness of treatment between 2005 and 2010 without any “bonus incentive.” It is not all about costs. Nevertheless, costs cannot be ignored. The costs of Medicare and Medicaid have increased dramatically as a per cent of GDP and are projected to continue to do so in the future. The exemption of insurance companies from coverage under current antitrust laws tends to lead to price fixing, bid rigging and market allocations. Drug companies frequently seek to develop a new version of a drug that is approaching the end of its patent protected life in order to reap higher profits. What then should we do? In seeking to answer this, Dr. Konigsberg cited these ten basic notions of health care economics:

1. Human wants are unlimited but resources are finite
2. Economics is about benefits as much as costs
3. Costs of health care programs and treatments are not limited to hospital or even the health care sector
4. Choices in health care involve value judgments
5. Many of the simple rules of market operations do not apply in the case of health care
6. Consideration of cost is not necessarily unethical
7. Most choices in health care relate to marginal changes in the level or extent of a given activity
8. The provision of health care is but one way to improve the health of the population
9. As a community, we prefer to postpone costs and to bring benefits forward
10. Equity in health care may be desirable, but reducing inequities comes at a cost

With these things in mind, Dr. Konigsberg offered his thoughts on creating an improved Health Care Organization. He suggested the following:

- Create a broad grouping of insurance plans at different price points, all adhering to basic Federal standards (The Federal Employees Health Benefit Program).
- Recognize that “the Group” is the country, not the company. Why should employees of one company be able to purchase different plans from those available to employees of a different company? Should teachers have access to different plans than bus drivers? Employees should decide the level of reimbursement of the employee-selected plan and could compete on this level. Leaving the place of employment should not mean leaving the insurance plan.
- Withhold the cost of minimum insurance coverage from unemployment compensation so that the unemployed have coverage.
- Morph the insurance plan into Medicare in terms of reimbursement responsibility rather than whether something is covered or not. Why should something not covered at age 64 be covered at age 65? People approaching age 65 tend to postpone treatment until it is covered by Medicare at age 65. This explains much of the huge increase in Medicare costs in the first two years of enrollment.
- Is it tenable to allow a system where 40-50 million people have no material health care coverage? We pay for their care anyway in the form of higher health insurance premiums and in the form of higher costs. These people tend to postpone care until they require more expensive services. Moreover, the productivity and viability of the population is tied to its health status. Not providing comprehensive health care coverage prevents all of us from achieving our potential.

We inducted Sheldon into ODE, the economics honors society. He richly deserves this honor. ODE did not exist at Emory when he graduated.

* Sheldon Konigsberg

Professor Sara Markowitz

Director, Center for Health Care Studies

Sheldon Konigsberg’s research interests include Health Services Economics, Law and Economics and Applied Microeconometrics. Sheldon graduated with highest honors in economics in 1971. He holds a Master of Science in Public Policy and a law degree from the Massachusetts Institute of Technology. Sheldon inducted Eric Koehler and Josh Jaffe into ODE, the economics honors society. Sheldon’s research interests include Health Services Economics, Law and Economics and Applied Microeconometrics. Sheldon graduated with highest honors in economics in 1971. He holds a Master of Science in Public Policy and a law degree from the Massachusetts Institute of Technology. Sheldon inducted Eric Koehler and Josh Jaffe into ODE, the economics honors society. Sheldon’s research interests include Health Services Economics, Law and Economics and Applied Microeconometrics. Sheldon graduated with highest honors in economics in 1971. He holds a Master of Science in Public Policy and a law degree from the Massachusetts Institute of Technology.
Sheldon Konisberg, 1971C & Beverly Schaffer, Professor of Economics

*Sheldon Konigsberg.* 1971C with highest honors in economics; MD Columbia University, 1975; MPH, 1975, Harvard University. After receiving these degrees, he served as an Assistant Professor of Gastroenterology and Clinical Nutrition at the Memorial Sloan-Kettering Cancer Center, 1978-1980. In 1980 he began a private practice of gastroenterology that lasted until 2004. During that period, he also served as the Medical Director of Ambulatory Surgery Center. From 2004 to the present, he has served as a gastroenterologist at the West Palm Beach VA Hospital. He also serves as a Clinical Assistant Professor of Medicine at Nova Southeastern School of Medicine and Florida Atlantic University, and as a voluntary Clinical Assistant Professor of Medicine at the University of Miami. He is Board certified in internal medicine and in gastroenterology. He and his wife Marjie have two children, a son and a daughter.

Rishi Ganti, '94C, earned his JD and Ph.D (in economics) degrees from Harvard in 2000 where he was an NSF and an Olin fellow, teaching finance and working as a faculty advisor in economics and applied mathematics. He's also worked for the Department of Defense, the World Bank, JP Morgan, and more recently he serves as a portfolio manager at Two Sigma, a large hedge fund in New York. He also serves as a trustee on TITAS, a fine arts foundation centered in Dallas, Texas.

Daniel A. Zuniga, Esq., '99C, obtained his JD degree from Hofstra School of Law in New York and now practices law with the firm of Lytal, Reiter, Smith, Ivey, Fromrath, LLP in West Palm Beach, Florida. He specializes in Plaintiff's personal injury, medical malpractice and products liability law. His peers honored him by electing him President of the Palm Beach County Hispanic Bar Association. His son, Ryder, was born in September 2009.

David Johnson, '76C, writes that he retired from the U.S. Foreign Service in January 2001, after 33 years. In his concluding assignment, he served as Assistant Secretary of State for International Narcotics and Law Enforcement Affairs. On April 26, 2011, the United Nations Economic and Social Council elected him to a five-year term on the International Narcotics Control Board. In addition, he currently serves on the advisory boards of several private-equity-owned firms that provide government services.

Charles Steindel, '73C, highest honors, Ph. D., reports that he retired last year after 30 years with the Federal Reserve Bank, 25 of those years spent at the Federal Reserve Bank of New York. He accepted a position as Chief Economist for the New Jersey Department of the Treasury where he will be doing economic and revenue forecasting and policy analysis. His children are grown. His son pursues a doctorate in biophysics at Brandeis while his daughter studies linguistics at Ohio State University. Both graduated from UNC. Charles played the proud “Father of the Bride” during this past Labor Day weekend.

Rose M. Rubin, '63MA, wrote to say how pleased she is to know that there are women on the faculty now. When she entered the master’s program in economics in 1962, there were no women on the faculty of the economics department or the business school and she had no female colleagues. For you modern souls, let me remind you that the economics department was administratively and physically in the business school until the mid-1980s when Emory moved it to the College. Rose continued her education at the University of Michigan and Kansas State University where she completed her Ph.D. in economics on a NDEA scholarship. She remained in academia, largely at the University of North Texas before moving to the University of Memphis as the first woman Chair where she remained until retiring in 2009. Rose wrote that she is probably the only economist to move to a doctoral program because of that university’s research in nuclear engineering, her husband’s area of interest.

Congratulations go out to James Cooper, ’03 Ph.D., who accepted a position as Research Director at the Law and Economics Center at George Mason University.

Mary Schroeder, ’11 Ph.D. is now an Assistant Professor of Economics at the University of Iowa. She reports that her new job is great as are the people although she felt overwhelmed at first. She misses some aspects of Atlanta but she doesn’t miss being a student.

We want to continue this alumni news feature and hope that you will send us your news. Send it to me at bschaff@emory.edu or econdept@emory.edu. Address letters to me at: Department of Economics, Emory University, Atlanta, GA 30322-2240.
PLEASE STAY IN TOUCH!
WE WELCOME NEWS FROM OUR ALUMNI!