CHAIR'S CORNER

After a relatively calm summer, the Economics Department and Emory have been facing a small storm. As many of you may already know, Emory College, in consultation with the Laney Graduate School, decided to close some programs and to suspend others, including our graduate program. This decision caught our faculty by surprise as we received no prior knowledge of this decision. The faculty continues to recover from the shock of this news and to evaluate the impact that this decision will have on our reputation and on our graduate and undergraduate programs. Undoubtedly, we will learn more as time passes and decisions on the future leadership of the department will be made. In the meantime, we will concentrate on supporting the current graduate students and offering a rigorous undergraduate program.

Our new faculty member, Junghoon Lee, already contributes to lively discussions about the state of macroeconomics.

We continue to sponsor high caliber talks in collaboration with the Federal Reserve Bank of Atlanta and the Claus M. Halle Institute for Global Learning. The former co-sponsored a talk by Dr. John Lipsky on October 8, 2012. The latter co-sponsored a talk by Dr. Clifford Smith, '69C, on September 28, 2012. Please see below for details of both talks. Your contributions to our Teaching and Research Fund permit us to bring these distinguished thinkers to campus. I can only hope that we will be able to continue to engage our students and the Emory community with interesting conversations about the state of the economy. For now, I look forward to the conclusion of this tiring semester and to our new and excellent group of economics majors and minors.

~Dr. Elena Pesavento, Associate Professor and Department Chair

HOW TO VISIT US ONLINE

The department invites you to connect with us online, via our web site or Twitter and Facebook! You can visit our site at http://economics.emory.edu and we invite you to browse all our online content, but in particular, the special section of our site dedicated to our alumni, at Alumni & Giving.

You can find us on Twitter at @EmoryEconomics and on Facebook by visiting Economics Department at Emory University. 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 Molodtsova for developing and moderating our social network accounts!
WE NEED YOUR HELP!

Our Mission needs your help in the form of donations to one or both of the following:
Kafoglis Lectureship Fund
Research and Teaching Fund

All donations are tax deductible.

Matching Gift Program: If you work for a company that matches gifts to higher education, you can double or triple the value of your contribution by following your employer’s matching gift procedures. Many companies match the gifts of spouses, retirees, and surviving spouses or retirees in addition to gifts from current employees. Please contact your personnel or human resources office for eligibility information and to obtain a matching gift form.

Memorial Gifts: When friends and loved ones suggest gifts to your favorite charity in lieu of flowers, we hope that you’ll remember the Kafoglis Lectureship Fund and/or the Research and Teaching Fund.

PLEASE HELP!
THESE FUNDS AREN’T GROWING VERY FAST

Kafoglis Lectureship Fund
November 14, 2011: $107,342.81
Kafoglis Lectureship Fund
May 11, 2012: $110,412.81
Kafoglis Lectureship Fund
November 18, 2012: $110,762.81

Economics Research and Teaching Fund
November 14, 2011: $9,935.00
Economics Research and Teaching Fund
May 11, 2012: $12,230.00
Economics Research and Teaching Fund
November 18, 2012: $15,870.00

You may make a donation:
By going to our web page at Alumni Giving for detailed instructions.

By mailing your gift to:
Office of Gifts and Records
Emory University
1762 Clifton Road
Atlanta, GA 30322-1710

By calling 404-727-4494 between 8:00 a.m. and 5:00 p.m. to speak to an Emory Annual Fund representative.

Your support for the economics department at Emory is greatly appreciated.

FEATURED FACULTY

Esfandiar (Essie) Maasoumi is the Arts and Sciences Distinguished Professor of Economics at Emory. He is the author and co-author of more than 100 articles, reviews, and books, including special issues of the Journal of Econometrics and Econometric Reviews. He has written theoretical and empirical papers in both economics and econometrics, and consults on law and economics issues.

In addition to teaching two of the department’s graduate level courses, Essie also acts as an advisor to undergraduate students and supervises the dissertations of some of the department’s most promising PhD candidates.

Essie is a Fellow of the Royal Statistical Society (FRS), a Fellow of the American Statistical Association, and a Fellow of the Journal of Econometrics. He is a member of the Econometric Society, the American Statistical Association, the American Economic Association, and the American Mathematical Society.

He received his B.Sc. (1972, M.Sc. (1973), and Ph.D. (1977) degrees from the London School of Economics, UK.

Essie currently serves as the Editor of Econometric Review and is on the Board of the Journal of Economic Studies, and on the Advisory Board of the Info-Metrics Institute.

He is ranked 37th in the world in The Econometricians’ Hall of Fame, (see Baltagi, 1998, Econometric Theory, 14-4).
Dr. Clifford Smith ('69C, economics, Ph.D., UNC), Louise and Henry Epstein Professor of Business Administration and Professor of Finance and Economics at the Simon Graduate School of Business at the University of Rochester, visited Atlanta on February 21, 2012, where he presented a “Brown Bag” luncheon meeting on “Rational Financial Management: Evidence from Seasoned Equity Offerings,” co-authored with Michael J. Barclay. Happily, he returned to Atlanta this fall when he spoke at a luncheon co-sponsored by the Halle Institute for Global Learning and the economics department on the subject of “Who Disciplines Corporate Directors If They Misbehave?” The next day he spoke on “My Top Ten Concerns for Next Year.”

Beverly Schaffer, Professor, introduced her former student. During the first talk, Cliff focused mainly on directors who serve on the boards of publicly owned companies. He serves as the Chairman of a board on which he has served for 18 years. He pointed out that reelection to a board involves five steps:

1. The board member doesn’t resign
2. The Chair of the Corporate Governance Committee asks the member to stand for reelection
3. The member is nominated by the Governance Committee
4. The Board approves the nomination
5. The member is reelected by the stockholders

Using as an example problems that arose for boards of corporations that approved problematic backdating of stock options, Cliff pointed out that some members might resign while some might not stand for reelection. Other directors might not be re-nominated. One wouldn’t expect 100% turnover. Some directors may be ignorant of the breach because they were not involved in the problematic decision. In the case of backdating of options, for example, those board members not on the compensation committee may be unaware of the decision to backdate the options. Do corporations find a weak member to oust as a sacrificial lamb? Cliff’s research found that, in most of the cases involving backdating, the CEO was ousted rather than some weak member of the board. Significant turnover on the part of members of a board does not necessarily indicate wrongdoing. What should the turnover rate be, 20%, 25%, 30%, other? Excessive turnover creates its own problems for a corporation.

Cliff outlined his top ten concerns in his second talk. Borrowing from David Letterman, he listed them as:

#10 HOUSING CRISIS
The Community Reinvestment Act (CRA) promoted home ownership. How financial institutions fared depended, in part, upon how well they met the goals of the CRA. The CRA shifted the demand for home loans to the right. Prior to this, nothing existed that was called a subprime mortgage.

#9 EURO DEBT CRISIS
Hoping to establish the euro as an accepted international currency, Europe established the European Union (EU) with a common currency but a weak government. The creation of a monetary union in the absence of a fiscal union, coupled with diverse cultures and expansion to include many other countries, led to a crisis that, as we now know, is difficult to resolve.

#8 SUBSIDIES FOR GREEN JOBS
The U.S. owes much of its success to the fact that the economy relies on a large number of independent decision makers. One company can learn from another. Success tends to be copied. Problems arise when the government attempts to bail out unsuccessful businesses.

#7 SOX AND DODD-FRANK
Regulation curtails innovation and experimentation.

#6 HEALTH CARE REFORM
Establishing one set of rules for the health care industry reduces experimentation. The creation of a monopoly reduces efficiency.

#5 THE ADMINISTRATION’S FOCUS ON WEALTH REDISTRIBUTION
This may kill the goose that laid the golden egg.

#4 GOVERNMENT DEFICIT
Cliff questions whether what the federal government receives for its money outweighs the cost. Studies tend to show that the smaller the government unit, the greater the efficiency. Towns are more efficient than cities, cities more so than counties, counties more so than states, states more so than the federal government.

#3 FEDERAL MONETARY POLICY
In the past five years, the Fed greatly increased the base of the money supply in an effort to keep the economy basically stable. Cliff expressed concern about the implications for inflation if the Fed finds it difficult to decrease the base.

#2 THE FISCAL CLIFF
When dealing with the last debt ceiling crisis, Congress passed legislation that will impose automatic spending cuts in defense and entitlements and eliminate all of the Bush tax cuts at the beginning of next year unless Congress acts to make changes. These could seriously impact the Economy if not altered.

#1 THE RECESSION
Cliff finds the Obama administration more concerned with wealth redistribution than with decreasing unemployment. This generates uncertainty that tends to paralyze economic activity.
Emory Joins “Semester Online” Consortium

Emory University will join a group of American universities to offer undergraduate students “rigorous” online courses for credit from a consortium of universities. The program, Semester Online, will be delivered through a virtual classroom environment and interactive platform developed by 2U. Beginning in fall 2013, Semester Online will be available to academically qualified students attending consortium schools as well as other top schools across the country.

Other members of the consortium include Brandeis University, Duke University, Northwestern University, The University of North Carolina at Chapel Hill, University of Notre Dame, University of Rochester, Vanderbilt University, Wake Forest University and Washington University in St. Louis.

Earl Lewis, Emory University provost commented, “Now, no matter where they are in the world, students will have the opportunity to engage in internships and work experiences, travel or manage personal commitments while continuing their collegiate academic journey.”

Emory also recently joined with online course provider Coursera for its first massive open online courses in liberal arts, the health sciences and policy studies.

On October 23, 2012 Dr. Timo Terasvirta from Aarhus University (Denmark) visited the department to discuss his paper on the topic of “Conditional Correlation Models of Autoregressive Conditional Heteroskedasticity with Nonstationary GARCH equations”. Faculty and graduate students attended.
Faculty News & Notes

*Business Insider*, June 12, 2012, reported that a 2009 study led by Greg Berns found that people will actually stop thinking for themselves when a person they perceive as an expert offers them advice or direction. To access the article, please click here.


The *Southern Economic Journal* accepted a paper by Sara Markowitz, “Child Access Prevention Laws and Non-fatal Gun Injuries,” (joint with Jeff DeSimone, U. of Maryland, and Jing Su, Emory) for publication.

On June 6, 2012, Fox News.com published comments made by Sara Markowitz on the effect of higher cigarette taxes on smoking in pregnancy. "Basically, the thing we find most important is that these cigarette taxes can be used effectively to decrease smoking among pregnant women and women who just gave birth. And it's not at all surprising because people respond to prices. When things are expensive, they buy less of them, and when they’re cheap, they buy more." Discussing their findings in the early online publication of the July issue of the American Journal of Preventive Medicine, Sara and a team from the U.S. Centers for Disease Control and Prevention, point out that nearly one-quarter of all pregnant women in the United States are smokers, with more than half refusing to quit during their pregnancy. As the result of the study of nearly 225,500 American women who gave birth between 2000 and 2005, Sara and her team concluded that a dollar increase in cigarette taxes/prices appeared to prompt a nearly 5 percent increase in the probability that a pregnant woman would kick the habit by her final trimester (up from about 44 percent to nearly 49 percent).

*The American Economic Journal: Microeconomics* accepted a paper on “Go Figure: The Strategy of Non-literal Speech,” by Sue Mialon and Hugo Mialon for publication. In this piece, Hugo and Sue develop a model of figurative or indirect speech which may convey a meaning that differs from its literal meaning. The model yields analytical conditions for speech to be figurative in equilibrium and delivers a number of comparative statics results. For instance, it predicts that the likelihood of figurative speech is greater if the benefit to the listener of correctly understanding the speaker is greater. They then apply the model to analyze particular forms of indirect speech, including terseness, irony, and veiled bribery. Interestingly, the model provides a novel argument for the effectiveness of laws that strictly punish attempted bribery.
David Jacho-Chavez, Assistant Professor, received the Multa Scripsit (literally, ‘he has written many’) Award from the Journal Econometric Theory in recognition of his “sustained publishing efforts over a period of years… to the Science of Econometrics”—Award letter, September 2012. An announcement of his award will be made in the early issue of Econometric Theory in 2013. In addition, the Bank of Canada and Carleton University invited him to speak at their co-sponsored symposium ‘Microeconometrics: Theory & Empirics’ on October 26, 2012, in Ottawa. David also created the ‘Lamp of Knowledge’ trophy for the department in order to create awareness and promote scholarship among faculty members. Every time a member of the faculty receives notice of the acceptance of a paper by a refereed journal, an electronic announcement is sent to the entire faculty and the recipient keeps the trophy until another member receives such a notice. To date, recipients of the trophy include Sara Markowitz, Essie Maasoumi, Paul Rubin, Hugo Mialon and Sue Mialon. See above.

On November 1st, Shomu Banerjee gave his “Life Lecture” as part of TEDxEmory’s new Speaker Series.

**Stimulating Students**

Currently, 48 students pursue degrees as either business/economics or business/economics/math majors. A large number of other students, 579, pursue degrees as economics majors or minors.

Caroline Fohlin, Distinguished Visiting Professor, reports:

This fall, fourteen undergraduates joined my research team on a major project to build the first comprehensive, high-frequency database of historical transaction and quote (TAQ) data for the New York Stock Exchange. The students are tracking down daily stock tables from the New York Times, via Proquest digitized historical newspapers, and then hand coding each and every entry for every single stock, on each trading day, for the three years missing from my database (1902 through 1904). Once the students complete the data entry—two separate times for each entry—the team leaders will compare entries and correct the data. That adds up to about 400,000 rows of data being entered, or 2.4 million transaction and quote prices plus the daily trading volume for each stock.

Leading the charge is senior Suzie Noh (who also serves as a TA for my Econ 215 course, Stocks, Bonds, and Financial Markets, with the help of another of my course TAs, Ke Bai. Suzie and Ke as well as Yilong Xu, Junghwan Kim, Yuxue Zhang, Yuewen Chen, Phillip Kelsey, Jun Wang, Evan Solomon, and David Langton are all working purely as volunteers.

In addition, four of the students—Joy-Annette Atsegbua, Zhuxiang Qin, Dalton Bidleman, and Zachary Mozenter—came to me via the SIRE program, and they are helping me develop a joint research project, making use of the stock data to analyze the development of US financial markets leading up to the crash of 1929. With a wide range of interests in economics, finance, history, math, and political science, the four SIRE students are reading up on the literature and pinning down some workable hypotheses that they will then test using econometric modelling of the new data. Their current interests are leaning us toward a study of how the first steps toward taxing and regulating the stock exchanges—starting with the first stock exchange transaction tax of 1905, and then with the Capital Issues Committee created during World War I—may have affected liquidity of the NYSE.

Armed with the new data being entered by the undergraduate team, we will have a complete run of daily NYSE TAQ data from 1900 through 1910, to add to the weekly database that I have already created for 1911 through 1925 (when the existing databases start). Students in future years will then be able to pursue any number of different research projects that interest them.

On October 1, 2012, the newly-formed undergraduate-led Economics Student Society organized a public lecture by Andrew Flowers, Economic Analyst at the Federal Reserve Bank of Atlanta. Mr. Flowers spoke on the recent financial crisis in the United States and Europe. Saumya Mehta, an economics major, founded the new organization and serves as its first president.

**MAJORS GO FORTH:**

Sharon (San Eun) Jeong, ’10C, is attending law school at Washington & Lee University.

Sarah Guo, ’10C, is attending law school at the University of Virginia, Charlottesville.
Graduate Student News

News about the PhD program in economics from the Director, Associate Professor, Maria Arbatskaya:

It is my sad obligation to inform you that, as a part of Emory College's cuts announced on September 14, 2012, the admissions to the PhD program in economics have been suspended. We do not know when or how the admissions will be resumed.

You can read about Emory College's new directions at the Laney Graduate School web site: http://www.gs.emory.edu/news_and_events/2012-09-14-College_Plan.html

The Emory Wheel has extensively covered the Emory cuts: http://www.emorywheel.com/category/newdirections/

Dr. Paul Rubin has an Editorial in the Emory Wheel on October 2, 2012: http://www.emorywheel.com/regarding-econ-ph-d/

An economics undergraduate student started a Facebook group called “Save the Economics PhD Program at Emory” that over the last few weeks had close to 2,000 members, and an online petition addressed to President Wagner attracted over 1,500 signatures.

Our PhD alumni have expressed concerns about the value of their degree, and the current graduate students are worried about their job market prospects. The Economics Department will have a PhD program as long as we have at least one PhD student. Economics faculty will continue teaching and advising current graduate students until their graduation.

A few facts on the state of the PhD program in economics at Emory

There are currently 30 economics PhD students at Emory. Only one is in the 6th year and none in the 7th year and beyond. All the 5th year students have successfully defended their dissertation proposals. Out of 38 students who joined the program in 2007-2012, only five left the program (13% attrition rate) and one transferred into the economics PhD program from another department. The expected completion rate in the 2007 and 2008 cohorts is 83.33%, which is the highest we have had in years. The average times-to-degree for recent graduates is five years.

Five out of six recent graduates (spring/summer 2011 and spring 2012) are now tenure-track Assistant Professors at well-known universities: University of Iowa, University of Alabama at Birmingham, Ball State University, Southern Utah University, and Tsinghua University. The sixth one is an Associate at the Analysis Group Inc.

In 2011-2012, four graduate students received internships at the Federal Reserve Bank of Atlanta and the Atlanta Census Research Data Center (ACRDC). The Department of Economics at Emory University desires to continue establishing stronger relationships with these research institutions to provide our students with meaningful research experience, expert advice, and potential job market contacts.

The number of applications submitted further increased from 170 to 183. We made 10 offers to our top applicants and enjoyed a yield of 70%, with 7 students joining our economics PhD program Fall 2012. The selectivity has been improving, with a current rate of 5.46%. In 2011, selectivity was 5.88% and the yield was 80.00%. This compares favorably with the experience of the Laney Graduate School overall.

Our student body is very diverse. In fall 2012, we will have students representing 12 countries: Burkina Faso, Chile, China, Czech Republic, Germany, Iran, Nepal, Russia, Swaziland, Taiwan, Ukraine, and USA. One student received the LGS Diversity Fellowship and another student was a first-generation college student. We are proud to have a diverse and strong group of students.

Handie Peng (5th year) is expected to defend her dissertation in January 2013. She has just accepted a position as Transfer Pricing Senior Associate at KPMG in Short Hills, N.J.

Carolina Felix (5th year) successfully defended her dissertation on October 31, 2012. She has just accepted a position as a Senior Analyst at the Chilean Department of Labor and Social Protection.
**Active Alumni**

AJC announced, on August 12, 2012, that Susan Cahoon, ’68C, partner at Kilpatrick Townsend & Stockton, was named one of the Benchmark Litigation’s Top 250 Female Litigators in America.

James Cooper, 2003 Ph.D., serves as Director, Research and Policy, Law & Economics Center and Lecturer in Law at George Mason University School of Law.

Kelli Lanier received her Ph.D. in the Summer of 2012, and accepted a visiting professor position with the Department of Economics, Emory University.

Jeff Dickinson graduated last May and is now at the Graduate Institute of International Development Studies in Geneva, studying for an MA in International Economics. He is very much interested in development economics and wishes to join a research project in a developing country. Geneva is a good place to study because it is the epicenter of important international meetings and the home to major multilateral organizations, such as the WTO, UNCTAD, and the ILO.

Digant Raj Kapoor is in England right now as a Cambridge Commonwealth Trust Scholar | MPhil in International Relations.

Mary Schroeder, 2011 PhD, is an Assistant Professor, Department of Pharmacy Practice and Science, University of Iowa. She writes: “In February I was awarded a pilot grant from the Holden Comprehensive Cancer Center to study resected non-small cell lung cancer. This $25,000 grant allowed me to gather some preliminary data and submit a $375,000 R21 grant to the NIH in October. In the meantime, we had our third child in May. It has been a full year, to say the least.”

**A Letter from Josh Robinson, PhD 2012**

Assistant Professor at University of Alabama, Birmingham

To a very recent alumnus, the overwhelming tragedy of Dean Forman’s recent decision to suspend graduate studies in economics is how successful the PhD program was. I am not referring to success in rankings or publications (for which the program has an excellent record as well), but to how well the Economics PhD program produces teacher-scholars. I came to this conclusion after realizing how well the program prepared me for my current job, Assistant Professor of Economics at the University of Alabama at Birmingham.

I began working in this position in the summer of this year on research support, during which time I presented my dissertation research at two major conferences: the American Society of Health Economists Biennial Conference and the National Bureau of Economic Research Summer Institute. My research received a warm reception at these meetings, and I was able to debate, discuss, and collaborate with some of the brightest minds in my field. I owe both the quality of my research and the ability to converse with top-tier researchers to the rigorous training of the Emory PhD program and the guidance of my brilliant advisor, Sara Markowitz.

The program also prepared me for performing a service role in an academic department. Our department heads, Hashem Dezbakhsh and later Elena Pesavento, and our Director of graduate studies, Maria Arbatskaya, always made efforts to include the graduate students in discussions about major department matters, and they and the rest of the faculty always took time to explain to us how the University system operates. So when I was asked to serve on an advisory task force concerned with improving the economics major at UAB after only two weeks on the job, I accepted the role with confidence. As a result I was able to contribute ideas and provide opinions that will shape the direction of my department for years to come.

I say all of this not to brag on myself; I have accomplished relatively little so far in my career. I say these things to brag on the PhD program and the preparation it provided me. The way I see it, what I have written above is evidence that the PhD program pointed me down a pathway to success as a teacher-scholar, and now it is up to me to be diligent enough to follow it. I think I can safely say that most of my fellow graduates feel same way. After coming to the realizations I described above, I spoke of my alma mater with an enormous sense of pride. Because of this, the Administration’s recent decision to suspend the PhD program felt like a punch to the gut. Honestly, I have still not fully come to terms with it. But I encourage all the alumni to continue supporting the department and the people that made such a wonderful graduate program possible, and hopefully one day we will see a reversal of this senseless decision.