

MICHECON NEWS

Winter 2007/2008

for University of Michigan Economics Department alumni and friends



Celebrating With Pomp and Circumstance

The 2007 Undergraduate Commencement Celebration included all the pomp due the circumstance of the event. For the first time in Department history, the celebration began with academic-gowned faculty, graduates, and guest speaker Ralph C. Heid, '70 *econ*, marching into Rackham Auditorium as a University-student string quartet played Elgar's celebrated piece.

Following welcoming remarks by Department Chair Matthew Shapiro, and Director of Undergraduate Studies Jim Adams, Heid, senior vice-president of international finance, Comerica Bank, and a member of the Department's Economics Leadership Council, gave the first commencement address ever presented at the Department's undergraduate commencement celebration. In his speech, titled "Terms of Engagement" Heid spoke to graduates about what his own degree in economics from the Univer-

sity of Michigan has meant to him and encouraged them to stay involved with the Department, sharing both his own experience as an alumnus, as well recent contacts he had with international alumni in India, France, and Italy.

Heid told the graduates that, "I use what I learned at Michigan every day," adding that whatever vocation they pursue, they will find that, "Michigan has prepared you very well in the fundamentals."

"You will find that you carry with you a hard-earned degree from one of the most prestigious economic programs in the world. You will find that you will get job interviews where others might not and that you may have an edge when applying to graduate school."

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From the Chair



I write to you in a role that is new and still a bit unfamiliar to me. Every day as I enter Lorch Hall, my heart skips a beat. Part of this reaction is surely due to the excitement that I feel in leading this prestigious group of scholars. Part of my reaction is in anticipation of the many new challenges that come with serving as an administrator in this great University. And part of it is the knowledge that

I have some very large shoes to fill. So before I turn to the “what next for economics at Michigan?” part of my letter, I would like to take a moment to reflect on the many accomplishments of my predecessor, Matthew Shapiro.

As part of my new-chair tutorial, Matthew bequeathed to me a set of spreadsheets. Being economists, we love spreadsheets and these Excel files tell the story. Under Matthew’s leadership (2004 – 2007), over 1,400 undergraduates earned their bachelors degrees in economics and 108 students completed their masters in applied economics. Economics is currently the fifth largest concentration on campus, and over half of all undergraduates at

Michigan take at least one economics course during their studies. Matthew can take tremendous pride in the fact that we educate so many and so well.

During the same period 65 students earned their doctorates. We are as proud as parents in talking about our doctoral students, and for years we have bragged about the fact that every one of our graduates goes on to work in a professional capacity as an economist, be it in the academy, the private sector, or in government service. Last year’s placements exceeded our wildest expectations as our students accepted positions at Harvard, Yale and Berkeley, to list just a few.

Matthew also can take credit for having recruited 19 new faculty to the Department. We have made key senior hires in economic theory and labor economics, and our group of 14 assistant professors is arguably the most talented group of young scholars in economics anywhere in the world.

Matthew would be the first to say that little of this would have been possible without the hard work of his colleagues, the commitment of the College and University administration and notably, the sustained support of our alumni. The Economics Leadership Council now functions as a key advisory group to the Department, meeting with us annually to help us develop and move toward our long-term goals. We are thrilled with several major gifts that have been made recently (see pp.6 and 11 for details). And countless other alumni have stepped forward to offer their time and financial support to our academic programs.

Though much has been accomplished under Matthew’s capable leadership, there is so much more to do. The process of hiring is never done, as faculty retire, move on to other positions at Michigan or elsewhere, and fields evolve in new directions. We already have a full slate of candidates under consideration and it promises to be an exciting year of renewal and growth.

A second area needing attention is the financial status of our doctoral program. Before taking on the job as chair, I served for six years as director of graduate studies. The doctoral program is at the core of the intellectual life of the Department and the lack of funding for recruiting new students and supporting continuing students has reached crisis levels. I am encouraged by President Coleman’s initiative (see page 11) to match donations made to graduate student support.

And while we are optimistic about the future of the Department, we have to be cognizant of current economic conditions in Michigan. This will of necessity be a time for creative solutions in the face of tightening budgets.

On behalf of our students and faculty, let me thank you for your continued support. The next four years promise to be exciting ones, and I look forward to getting to know you better.

MichEcon

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Regents of the University of Michigan: Julia Donovan Darlow, Ann Arbor; Laurence B. Deitch, Bingham Farms; Olivia P. Maynard, Goodrich; Rebecca McGowan, Ann Arbor; Andrea Fischer Newman, Ann Arbor; Andrew C. Richner, Grosse Pointe Park; S. Martin Taylor, Grosse Pointe Farms; Kathrine E. White, Ann Arbor; Mary Sue Coleman, *ex officio*

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*Includes gender identity and gender expression

Michigan Economics Society Provides Many Opportunities For Undergraduate Students

Vigorous growth and program expansion is redefining The Michigan Economics Society at the University of Michigan. Two years ago, MES had only 120 members with limited programming and a low participation rate. Last year, MES, which was founded in 1976, established itself as one of the premier student organizations on campus with a membership of 389 students and multiple, innovative programs. MES has continued its rapid expansion in 2007 and is now one of the largest U-M student groups with a membership of over 425 students from all academic backgrounds.

A primary goal of MES is to provide additional learning experiences for students outside of the classroom. This is accomplished through an array of events and services such as the Faculty and Alumni Seminar Series, exclusive corporate presentations, the Investment Challenge, community service opportunities, recruiting and graduate school information, economics tutoring, and other academic support services. These programs allow members to develop valuable organizational and leadership skills while gaining a better understanding of “real world” economics. Faculty and Alumni Seminars are new programs and have been a key factor in the Michigan Economics Society’s rapid growth. “The level of support received from both the Economics faculty and alumni have contributed to quality events our members truly

MES encourages all alumni interested in giving a presentation to email the group at: mes-info@umich.edu.

benefit from,” says MES President Michael Schiemann. “I encourage all alumni interested in giving a presentation to contact us.” Anyone interested in presenting to Economics undergraduates should send an email to: mes-info@umich.edu.

Faculty seminars have covered a wide variety of topics ranging from The Economics of Happiness to the World Trade Organization. Students have an opportunity to meet their professors in a more social setting to discuss interesting topics that time does not allow for in class.

MES also implemented the Career Month Workshop Series as a way to educate underclassmen about the fields they can enter with an economics degree. The series consisted of four major areas: consulting, investment banking, corporate finance, and sales and trading. Each workshop consisted of a general presentation including an overview of firms in the industry, staff responsibilities and advice on how to enter the field. The workshop concluded with a panel discussion of students who had interned in the field.

Last spring, MES, in conjunction with the Michigan Interactive Investments group at the Business School, co-sponsored the first annual Michigan Economic Forum. In bringing together a panel of business and intellectual leaders who are committed to improving Michigan’s economy, the Forum provides a platform



Early in September, MES officers sign up new members during Festifall on the Diag.

for developing new ideas and helps the student body better understand Michigan’s current economic situation. Speakers who discussed the Forum’s 2007 topic “How will Michigan Regain its Competitive Advantage?” included John Austin, vice president of the Michigan State Board of Education and a nonresident Senior Fellow with the Brookings Institution; Charles L. Evans, vice president (now president) of the Federal Reserve Bank of Chicago; Peter Hooper, AM ’71 *econ*, PhD ’75 *econ*, chief economist, Deutsche Bank Securities; Joel Vander Kooi, assistant treasurer of risk management for the Kellogg Company; and Steven Szakaly, an economist with the Center for Automotive Research. The program moderator was John McElroy, host of *Autoline Detroit*.

MES is currently planning for this spring’s Michigan Economic Forum. Students have expressed interest in having a panel on energy and “going green.”



In 2006, U-M Interim Provost and Executive Vice-President for Academic Affairs Ned Gramlich gave a presentation to MES on the state of the economy. Gramlich, who passed away in September (see pg. 8), had recently returned to Ann Arbor following service as a member of the Federal Reserve Board.

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Heid also assured the graduates that, “you will find networking opportunities with fellow U-M alumni wherever you go; alumni of all ages and degrees that are uniformly proud of their education and their degrees. You will find that if you are inclined to wear your ‘Block M’ cap (like my 84-year-old father whenever he is out-of-doors), it will eventually elicit a smile and a ‘Go Blue!’ be it on the streets of London, Sao Paulo, Shanghai, or Escanaba, Michigan.”

There was also a caveat: “Prudence requires that I caution you that wearing the maize and blue in Columbus, Ohio might still prove hazardous to your health.”

Even though they are graduating, Heid urged his audience to stay in contact. While the Department “is a great tool when you need to consult on issues relevant to your career,” Heid also encouraged the new graduates to find ways to “give back.”

“First and foremost, represent your University well. Conduct your affairs with integrity; engage in a profession where you can create a competitive advantage and always look to bring value to your endeavors. Work to find a profession that you enjoy—only by bringing a passion to what you do will you fulfill your potential.”

Referring to a quotation from John F. Kennedy’s 1961 inaugural address, Heid challenged the Department’s newest alumni to ask what they, in turn, could do for their Department and University. “First and foremost, represent your University well. Conduct your affairs with integrity; engage in a profession where you can create a competitive advantage, and always look to bring value to your endeavors. Work to find a profession that you enjoy—only by bringing a passion to what you do will you fulfill your potential.”

Heid also reminded the graduates that even though they are moving on to a new chapter in their life, maintaining ongoing ties with the Department as alumni is vitally important in



Commencement speaker Ralph C. Heid, AB '70 econ, congratulates Arman Kayupov, AB '07 econ, on receiving the first Undergraduate Student Service Award given by the Department. This past October, Heid was presented the John W. Sweetland Service Award for his dedication and enthusiasm in meeting with international alumni.

helping “your Department thrive in an increasingly competitive and global environment. Stay abreast of developments with the Department and let the Department know how you would like to remain connected.”

Heid concluded his remarks by recounting the sign that Bo Schembechler had hung over the locker room door at the stadium when he first came to the U-M: “Those Who Stay Will Be Champions.” The message, Heid said, “applies to the entire University community. You, like Bernard Moses* ’1870 and the late, great Gerald Ford ’35 econ, before you, you stayed, you worked hard, you earned Michigan degrees, you are champions.

“So go forth with confidence and embrace the new challenges secure in the knowledge that you depart with many advantages and with a strong program behind you. We congratulate you on your success. We wish you the best. We welcome you to the ranks of the University alumni.

“Thank you. Stay in touch. Go Blue!”

****Bernard Moses, who became a professor of history and political economy at the University of California, is one of the first U-M alumni on record to go on to a career in economics.***



Pictured (at left) with Professors Jim Adams, Steve Salant, and Matthew Shapiro are 2007 graduates who received Department awards. They include: Sims Honors Scholarship: James Albertus, Emily Beam, Keary Engle, and Kellen Smetana; David Bunzel Scholarship: David Kalita and Rupert Pun; Harold Osterweil Memorial Prize: Emily Beam and Eunice Yu; Ferrando Honors Prize: Emily Beam; John Elliot Parker Memorial Prize: Keary Engle, Joseph Golden, and George Houhanisin; Undergraduate Service Award: Arman Kayupov.

Honors graduates were: Highest Honors: Emily Beam; High Honors: Keary Engle, David Kalita, and Eunice Yu; Honors: James Albertus, Joseph Golden, George Houhanisin, Rupert Pun, Kellen Smetana, and Elena Spatulos.



Students had the opportunity to meet with ELC alumni at a reception following the forum. Photos by J. Adrian Wylie.



Life After Econ 101

More than 150 undergraduate students gathered in the Lorch Hall Askwith Auditorium this past October to hear members of the Department's Economic Leadership Council (ELC) discuss their own careers and offer advice to undergraduates concentrating in economics in the Department's Undergraduate Career Forum during Homecoming Weekend.

"Having economics as a discipline is "a very good way to learn to think analytically about problem solving," Gail Wilensky, AB '64 *psych*; AB '65 *econ*; Phd '68 *econ*, an economist and a senior fellow at Project HOPE, told the students. While her career focus is health, there are "many applied economics fields in which you will practice how to assess the effects of a policy change before it happens and what the unintended consequences will be. Being an undergraduate economics major with quantitative skills is a huge leg up." She added, "You can't do sophisticated policy analysis without having good analytical and quantitative skills."

Students received some general advice as well. "Build a deep and solid foundation so you have the tools to explore what you want to do," Peter Borish, AB '81 *econ*; MPP '82, told them. Gary Dorman, AB '72 *econ*, advised to "find something that you would really like to do. The key to a successful career is to do something you like." Jeff Leeds, AB '67 *econ*, noted, "My career has been a series of very fortunate accidents. The decisions you make this time around are not as important as you think they are, so don't worry so much about each aspect of your career."



Faculty News

New Faculty Join the Department this Fall

The Department has welcomed five new assistant professors as well as three tenured U-M faculty in other units who have joined the Department as professors of economics. The new assistant professors are:



David Albouy received his PhD from Berkeley. His research focuses on regional inequalities of federal taxes and spending. He shows that

because federal taxes are not indexed to local wage levels, taxes are too high in large, expensive cities, where the most productive jobs are, and that workers have a tax incentive to live in nicer or less-productive areas. While imperfect, tax-benefits to owner-occupied housing help to reduce these tax inequities by implicitly indexing taxes partially to the local cost-of-living. He teaches public

economics at the graduate and undergraduate levels.



Raj Arunachalam also received his PhD from Berkeley. His research focuses on development economics and economic history. Current research interests include the

relationship between marriage markets and fertility; the economics of commercial sex work; and the effect of health insurance subsidies on health and economic outcomes—all in the context of developing countries. He teaches development economics at the graduate and undergraduate levels.



Ruediger Bachmann earned his PhD at Yale. His research focuses on quantitative macroeconomics, especially dynamic stochastic general equilibrium models with

heterogeneous agent. His recent research is on the jobless recoveries in the early 1990s and after the recession in 2001. His current research interests lie in micro-

founded business cycle models that study how cross-sectional dynamics generate aggregate dynamics. He teaches macroeconomics at the graduate and undergraduate levels.



Martha Bailey, who earned her PhD at Vanderbilt, joins the Department after completing a Robert Wood Johnson fellowship in health policy research, where she examined the

impact of federally-subsidized family planning on the fertility decisions and health of low-income women. Her research focuses on changes in women's work and childbearing in the U.S. over the 20th century. Recent work has examined how oral contraception allowed women to enter paid employment during the 1970s and 1980s and whether electrification led to the baby boom. She teaches labor economics and demography at the graduate and undergraduate levels.



Stephan Lauer received his PhD at the University of Bonn. His research has concentrated primarily on decentralized markets and the effect of frictions such as cost of

searching for trading partners. Past work has shown when and why decentralized markets are efficient if trading frictions are small. He has also studied leniency programs in antitrust and how they affect the strategic risk of cartel agreements. He teaches microeconomic theory at the graduate and undergraduate levels.

Faculty from other units who have joined the Department as professors of economics include:

Susan M. Collins, Joan and Sanford Weill Dean of Public Policy at the Ford School of Public Policy, is an expert in international economics. She joins former PhD classmates from MIT, Bob Barsky and Matthew Shapiro.

Brian Jacob, Annenberg Professor of Education Policy at the Ford School of Public Policy is an expert in economics of education and labor economics, while **Brian McCall**, professor in the School of Education, is an expert in economics of education and applied econometrics.

Allen Sinai Establishes Professorship of Macroeconomics

The Department of Economics announces the Allen Sinai Professorship in Macroeconomics made possible by the generous gift of Allen Sinai, AB '61 *econ*. This gift provides that the professorship, a joint appointment with the Gerald R. Ford School of Public Policy, will be for a leading scholar in quantitative, policy-oriented macroeconomics.

On making the gift, Sinai said, "I have always been grateful for the outstanding education I received at the University of Michigan where I majored in economics and was exposed to excellent teachers, researchers, and contributors to macroeconomic policy. In establishing this professorship, I hope to ensure that University of Michigan students continue to have access to talented researchers and educators in quantitative macroeconomics and economic policy, so important for the decisions at the federal and state levels that affect everyone's lives and economic well-being."

Sinai is chief global economist and president of Decision Economics, Inc., an economic and financial markets information support and advisory firm. He is an internationally known and respected macroeconomist and econometric modelbuilder who has contributed to applied macroeconomics, the public policy arena, and the academic literature. Over many years, his advice has been sought by both political parties, Congressional committees, and the Federal Reserve. In addition to his Michigan economics degree, he also received a PhD in economics from Northwestern University. He is a member of the Economics Leadership Council.



Allen Sinai

Hymans 2007 Forecast Includes Retirement

Saul Hymans, who was named director of the Research Seminar in Quantitative Economics (RSQE) in 1981, retired from that position following the 55th RSQE Conference this November.

A professor of economics and statistics and research scientist emeritus, Hymans has been at the University of Michigan since 1964. He served as chair of the Department from 1977 to 1980.

He received the national Blue Chip Annual Economic Forecasting Award (AEFA, formerly the Silbert Award) in 1984 and 1987. He is the first person to have received the AEFA twice.

RSQE was an idea born out of necessity: how to spend a million dollars. That was the amount the Ford Foundation was offering the University of Michigan in 1951 for the development of research resources in behavioral science.

In the U-M Department of Economics, two faculty members brainstormed. "I think the idea of a research seminar was Kenneth Boulding's suggestion, quantitative economics was mine, and we put it together," recalled Lawrence Klein years later. Ford provided a \$60,000 grant for three years in the spring of 1951. For more on the conference, go to the Department's website, www.lsa.umich.edu/econ.



Above: Hymans (second from left) with his RSQE research team: George Fulton, Janet Wolfe, and Joan Crary. Right: Hymans delivers the 2007 U.S. Forecast.



Left: Lawrence Klein and Matthew Shapiro, the Lawrence R. Klein Collegiate Professor of Economics. Above: Shapiro presents the inaugural lecture

Shapiro Gives Klein Inaugural Lecture

This past April, **Matthew Shapiro**, the Lawrence R. Klein Collegiate Professor of Economics gave the professorship's inaugural lecture at the Alumni Center. Among those sitting in the audience was Lawrence Klein, Nobel Laureate and Benjamin Franklin Professor Emeritus of Economics at the University of Pennsylvania. Both Shapiro and Klein received their PhDs from MIT.

In 1954, Lawrence Klein wrote, "Problems that economists have often talked about in theoretical works but never approached empirically for want of data are now investigated with consumer surveys." In his lecture titled "Survey Methods in Macroeconomics" Shapiro, who is also a research professor in the Survey Research Center, described how recent developments in survey measure are advancing the agenda Professor Klein began over 50 years ago at the University of Michigan's Department of Economics and Survey Research Center.

Shapiro described surveys measuring the propensity to consume from tax rebates, an objective measurement relevant for macroeconomic policy. He also discussed experimental approaches to elicit preference parameters relating to labor supply elasticity and risk tolerance. He argued that such survey measurements should be embedded in instruments that combine information on economic outcomes as well as cognitive status in order to better understand heterogeneity in economic behavior and decision-making.

Collegiate professorships, which are named for former faculty members, are awarded by the College of LSA based on the recommendation of the Department. Professor Klein joined U-M's Survey Research Center in 1949 and was a faculty member in the Economics Department from 1950-1955. It was while he was at U-M that he developed the Klein-Goldberger model of the U.S. economy for which he won the Nobel Prize. He also did pioneering work on surveys relating to consumer spending while at the Survey Research Center.

Shapiro joined the faculty of the Department in 1989. In addition to the work on surveys discussed in the lecture, his recent work includes studying how changes in tax policy affect investment, employment, and output; how monetary policy performs when potential output is uncertain; and improving the quality of national economic statistics. Shapiro was chair of the Department from 2003 to 2007.

Department Remembers Faculty and Staff

In the past 12 months, four long-time faculty members and one staff member have died. Each one is remembered for having served this Department faithfully and vigorously.



Gary Saxonhouse

Professor of Economics
Gary Saxonhouse died November 30, 2006 in Seattle, WA, where he was being treated for

leukemia. He was 63.

He attended Yale University, where he received his B.A. in 1964 and his PhD in Economics, with distinction, in 1971. He taught Economics at the University of Michigan beginning in 1970. His research focused on the Japanese economy, international trade, economic history, and economic development.

Among his many significant honors and awards, Gary held fellowships from the Guggenheim Memorial Foundation and the National Endowment for the Humanities. He was also a Fellow at the Center for Advanced Study in the Behavioral Sciences (2000, 1995-96, 1984-85), a Resident at the Rockefeller Foundation's Bellagio Center (2003), Brown University's Henry Luce Professor of the Study of Comparative Development (1980-81), and a Distinguished Lecturer at the Northeast Asia Council of the Association of Asian Studies.

Gary was a member of the senior staff of the President's Council of Economic Advisers, and a consultant for the U.S. Departments of State, Treasury, and Commerce; and the World Bank. He testified on numerous occasions before Congressional committees and served on Advisory Panels to the U.S. Congress on the Civilian Uses of Space and Industrial Competitiveness and the American Economy.

He is survived by his wife, Arlene Saxonhouse, Caroline Robbins Collegiate Professor of Political Science and Women's Studies, to whom he was married for 42 years, his children, Lilly, Noam, and Elena, his son-in-law Christopher Krenn,

his daughter-in-law Lisa Nichols, his grandchildren, Hannah and Joseph Krenn, and his brother, Jack Saxonhouse.



Edward M. Gramlich

Edward M. Gramlich, professor emeritus of economics and Richard Musgrave Collegiate Professor of Public Policy

Emeritus, died on September 5, 2007 in Washington, D.C. of acute myeloid leukemia. He was 68.

Ned received his B.A. in economics from Williams College in 1961 and his M.A. and Ph.D. in economics from Yale University in 1962 and 1965 respectively.

He had most recently served the University as interim provost and executive vice president of academic affairs (2005-2006). He joined the Urban Institute after retiring from the active faculty in June, 2006.

Ned was dean of the School of Public Policy from 1995-1997 and had also served as chair of the Department of Economics and director of the Institute of Public Policy Studies (the forerunner to what is now the Gerald R. Ford School of Public Policy). His expertise in macroeconomic and fiscal policy had led him to serve in several capacities with the federal government including as both deputy director and acting director of the Congressional Budget Office. In addition, he chaired the Quadrennial Advisory Commission on Social Security from 1994-1996. He also served as staff director for the 1992 Economic Study Committee on Major League Baseball.

A member of the Board of Governors of the Federal Reserve System for eight years, Ned chaired the board's Committee on Consumer and Community Affairs. His published work includes books and papers on macroeconomics, budget policy, income redistribution, fiscal federalism, social security, and the economics of professional sports. His most recent publication was *Subprime Mortgages: America's*

Latest Boom and Bust (Urban Institute).

He is survived by his wife, Ruth; a son, Robert; a daughter, Sarah; and six grandchildren, as well as his parents, Jacob Edward Gramlich and Harriet Williams Gramlich.



Eva Mueller

Professor Emerita of Economics and Research Scientist at the Population Studies Center **Eva Mueller** passed away on November 19, 2006.

When Eva received a PhD in economics from Harvard University in 1951, she asked the chairman of the department for help finding a job. "He said he couldn't help me, since economics wasn't a woman's field," she recalled. Undeterred, Mueller found a research job at the Institute for Social Research (ISR), where she helped to pioneer the use of surveys to analyze consumer behavior. She joined the Department of Economics in 1957 where she served until her retirement in 1988.

In 2001, she received the Carolyn Shaw Bell Award from the American Economic Association's Committee on the Status of Women in the Economics Profession.

Her early research emphasized analysis of consumer behavior in the U.S. She later moved on to work related to economic development and economic demography. Her published papers cover a wide range of topics and countries, including the impact of unemployment on consumer confidence in the U.S., the economics of fertility decline in Taiwan, and the time allocation of women and children in Botswana.

In addition to her contributions as a researcher, she played an important role in building the economic demography training program run jointly by the Population Studies Center and the Department of Economics. She served as an advisor to many PhD students in economic demography who have gone on to positions in

universities, government, and international agencies.

The Eva Mueller New Directions in Demography and Economics Fund has been established to support research and training in demography and economics, especially projects focusing on low income countries and projects dealing with the socioeconomic position of women and investments in children's health and human capital.



Daniel R. Fusfeld

Professor Emeritus of Economics **Daniel R. Fusfeld** died on August 11. He was 85.

He received his bachelor's degree from George Washington University in 1942. After military service in the army during World War II, he did graduate work at Columbia, receiving his PhD in 1953. Daniel came to Michigan after teaching at Hofstra and Michigan State.

A member of the Michigan faculty since 1960 and professor of economics since 1964, Daniel retired from his formal teaching duties in 1986, after a career that began in 1947.

At Daniel's retirement dinner, Professor Robin Barlow estimated that "one out of every 6,000 Americans now living has taken Principles of Economics from Dan Fusfeld." In addition, he regularly taught courses in Marxist political economy, the development of economic institutions, and the history of economic thought.

Daniel's publications include several books as well as numerous articles and monographs. The best-known of his books is *The Age of the Economist*, a brief history of economic thought for the non-specialist that was translated into Spanish, German, and Italian.

He is survived by his wife of 60 years, Harriet Fusfeld; their children Robert (Carolyn) of Denver, CO; Sarah (Peter) Saulson of Syracuse, NY; and Yaakov (Hedva) Sadeh of Israel; and their grandchildren Amos and Gidon Sadeh, also from Israel.



Donna Smallwood

Remembered foremost as the Department's long-time office manager who shepherded faculty and staff through the difficult days following the

Economics Building fire in 1981, Donna Smallwood died on November 1. She was 62.

Donna had received a lung transplant at the U-M in May 2001, and became an active volunteer to the Gift of Life organization, serving as speaker at many group and private functions as well as being active in many organ transplant support groups.

"She did not have a formal post-secondary education," said staff member Mary Braun, "but she could read people and work with many different personalities better than any other administrator I've ever known."

Frank Stafford, chair at the time of the fire, remembers that Donna "was able to get a great deal of the transition under control. This had a rather bizarre element since the reaction to the fire ranged from outward joking about it to, in some cases, a virtual withdrawal from reality."

"Donna kept the Department functioning through good times and bad," recalls Alan Deardorff. "One of her jobs was to train department chairs, an essential function that I benefitted from in 1991."

Charlie Brown agrees. "I had the good fortune to work with Donna when I was associate chair and the first part of my term as chair (before she retired). In our Department, assignments of faculty to administrative jobs reflect a mix of aptitude for the job and 'taking one's turn', and for me it was pretty close to 100% the latter. I'm sure that made Donna's job harder, but it made her wonderful mix of competence and patience all the more important to me."

"She combined efficiency, sternness, and friendliness," says Dick Porter.

Adds staff member LaRue Cochran, "Donna's staff followed because Donna expected the best and her staff gave their best."



Willis Elected To Head SOLE

Professor **Bob Willis** (shown above) has been elected president of the Society of Labor Economics (SOLE). His presidential address at this year's meeting was titled "Cognitive Economics and Human Capital."

In 2004, SOLE began electing Fellow of the Society of Labor Economics and this year three U-M labor economists, **John Bound**, **George Johnson**, and **Frank Stafford**, were voted into this prestigious group.

New Orleans Reception

Alumni and friends of the University of Michigan Department of Economics are invited to join Department faculty at a reception during the Allied Social Science Association (ASSA) annual meeting in New Orleans.

Saturday, January 5
6-8 p.m.
Steering Room
Hilton New Orleans Riverside

Alumni News

John W. Sweetland, AB '58 econ; AM '59 was awarded the Distinguished Alumni Service Award (DASA) by the U-M Alumni Association during Homecoming Weekend. His citation notes that, "John W. Sweetland has served the University of Michigan in many ways, including mentoring students, providing philanthropic support, encouraging alumni involvement, and acting as a champion of the Economics Department."

Keith Maskus, PhD '81 was appointed associate dean for Social Sciences at the University of Colorado in Boulder, beginning July 2007. He also holds visiting appointments at the University of Adelaide, Bocconi University, and the Kiel Institute and has research affiliations with the Peterson Institute of International Economics in Washington and the CES-Ifo Institute in Munich. He is currently editing a volume titled *Intellectual Property, Growth and Trade*, which will appear in the Frontiers in Economic Research Series of Elsevier-North Holland.

Tom Wilt, '67econ is currently the managing director of AAA Partnership Programs and International Relations. "I've been with AAA for 15 years and hope to retire in a couple more years. My responsibilities include forming alliances with major brands in North America plus management of AAA's relationships with our over 200 auto club affiliates across the world. I work at the AAA national office in Heathrow, Florida. I travel extensively. My wife, Christine, and I recently moved to a new home in DeLand, Fl. While I can no longer recall the name of my professor in microeconomics, his teachings have stayed with and aided me through several careers."

Benjamin G. Davis, AB '67 econ, AM '69 econ, has been appointed president of the newly formed University College in Manassas, Virginia. University College serves as the home of the University of Northern Virginia's international partnerships, corporate training, professional development programs, and on-line education.

PhD 2007 Placements: "Our Best Year Ever"

"We've been proud of our placement record for over a decade," says Department Chair Linda Tesar, "but placements this last season were our best year ever. One of my priorities," adds Tesar, who was director of graduate studies for six years, "is that the doctoral program produce real value added for our students. We bring in outstanding undergraduates. Then we have to do our part to provide them the best possible education and mentoring, and turn them into PhD graduates with excellent career options. Col-

Rodney Andrews

Robert Wood Johnson Post-doc, Harvard

Jose Berrospide

Federal Reserve Board

Oli Coibion

College of William & Mary

Estelle Dauchy

Ernest & Young (Quest)

Peter DiCola

U.S. Court of Appeals
for the Third Circuit,
Clerk for Judge Thomas L. Ambrose

Paul Edelstein

Decision Economics, Inc.

Alison Felix

Federal Reserve Bank of Kansas City

Dan Goldstein

Penn State University

Yuriy Gorodnichenko

University of California, Berkeley

Sei-Woon Hwang

Korea Securities Research Institute

Patrick Kline

Yale University

Greg Lewis

Harvard University

Michael Lovenheim

Post-doc,
Stanford Institute for
Economic Policy Research

Claudia Martinez

University of Chile



(l. to r.) PhD students Brooke Helppie, Greg Lewis, and Dmitry Lubensky visit at the graduate student reception.

lectively, the 2007 placements, whether in academia, government, or the private sector, are indicators that Michigan produces students that other institutions find highly valuable."

Justin May

College of William & Mary

Erika Morris

CRA Inc., Chicago

Peter Morrow

University of Toronto

Phacharaphot Nuntramas

San Diego State University

Michael Perry

Princeton Economics Group, Inc.
(plus training for 2008 Olympics)

Andreas Pape

Binghamton University

Laurie Pounder

Federal Reserve Board

Vimal Ranchhod

Post-doc, Ford School of Public Policy

Lock Reynolds

Kent State University

Claudia Sahm

Federal Reserve Board

Yui Suzuki

Seton Hall University,
Whitehead School of Diplomacy &
International Relations

Kan Takeuchi

Deloitte, Tokyo

Charles Taragin

U.S. Department of Justice,
Antitrust Analysis Group

Zhou Yang

Virginia Tech University

Increase the Value of Your Giving To Graduate Student Support

Staying competitive in the recruitment of graduate students has been a top priority for the Economics Department in recent years. This fall, a new "Phase II" Donor Challenge issued by University of Michigan President Mary Sue Coleman, promises a 1-for-2 President's match for gifts made in the area of financial aid to graduate and professional students on the Ann Arbor campus.

This Phase II challenge follows an earlier President's Donor Challenge that generated overwhelming support for endowed professorships and financial aid for undergraduates.

The ability to attract promising graduate students has become increasingly difficult, especially in light of the ability of private schools to offer increased dollar support and less teaching time to incoming PhD students. A look at graduate placements for the 2007 academic year shows the strength of the Economics PhD program. What it does not show, however, are those excellent students who have the academic credentials qualifying them for admittance, but who lack the fiscal resources to be able to enroll in the program. "When it comes to recruiting senior faculty," says Department Chair Linda Tesar, "we are competitive with the top departments in the country, but in terms of graduate students, we are not even in the same boat because of our poor level of support."

This year, the Department was delighted to receive two new graduate fellowships (see article at right). Since this Department annually admits 30-35 graduate students, a very real need remains for additional graduate fellowship funding. The President's Challenge offers alumni and friends a way to both support a critical need in the Department and have their gift matched 50 cents to the dollar.

Included with this issue of *MichEcon News*, is a gift envelope. Coleman will add a 50% match to any expendable or endowment gift of up to \$1 million per donor. In order for your gift to qualify for the matching funds, you must check the Economics President's Challenge Grad Support Fund or Grad Support Expendable Fund box on the envelope. The President's Phase II Donor Challenge will conclude

December 31, 2008 or once \$40 million has been committed University-wide.

If your gift is designated for endowment, distributions from the Fund shall be made in accordance with the University's then existing

endowment distribution policy. If the University's endowment minimum is not met, all gifts will be used on an expendable basis for graduate support within the designated unit. Corporate matches for an employee's gift are also eligible for the 50% President's match.

Alumni Generosity Benefits Students, Faculty

This past year the students and faculty of the Department of Economics have benefitted greatly from the generosity of its alumni. Establishment of a new endowed professorship, two new graduate fellowships, as well as support for a new seminar series, a faculty support endowment, and an innovative challenge for the Chair's strategic fund, highlight an exciting new chapter in alumni giving.

Allen Sinai Professorship of Macroeconomics has been established by Allen Sinai, AB '61 *econ* (see page 6).

Peter and Julie Borish Fellowship Award is provided by Peter, AB '81 *econ*, MPP '82 and Julie BBA '82 Borish of New York. This fellowship helps support first-year doctoral students who show great promise as future scholars and teachers and who are interested in policy-oriented economic issues. The first recipient of this award is Emily Beam BS '07 *econ*, who has a strong interest in the role of



Beam

gender in economics. "I am honored to receive the Borish Fellowship, which has given me the opportunity to focus on my coursework this year," she says.

Gail R. Wilensky Fellowship Fund is provided by Gail R. Wilensky, AB '64 *psych*; AB '65 *econ*; PhD '68 *econ* to encourage and support graduate students in the area of health economics or public policy related to health. Taryn Dinkelman, who is pursuing an academic career that combines research and teaching in the development economics arena, is the first recipient of this award. In 1997, Dinkelman received her BA in economics with honors from Rhodes University in Grahamstown, South Africa. She earned her master of commerce (also

in economics) from the University of the Witwatersrand, S.A. in 2002. "By relieving me of teaching responsi-



Dinkelman

bilities, the Wilensky Fellowship increased my endowment of a graduate student's most valuable resource: uninterrupted research time," says Dinkelman. "I was able to undertake important research-related travel for data collection and focus on finishing key chapters in my dissertation."

Michael R. Beauregard Fund for Macroeconomics has been established by Michael Beauregard, AB '86 *econ* to help support the teaching and research efforts of our new and current faculty in macroeconomics, including the Michael Beauregard Seminar in Macroeconomics.

Jeffrey R. Leeds Endowment for Faculty Support has been established by Jeffrey, AB '67 *econ*, and Joan Leeds.



Davis

The first beneficiary of this endowment is Assistant Professor Lucas Davis and his research using household-level microeconomic models and household-level data to quantify the welfare

loss from government price regulation in the U.S. natural gas market over the period 1950-2000.

John Sweetland Challenge for the chair's strategic fund received generous support from members of the Economics Leadership Council in addition to the generous match from John Sweetland, AB '58 *econ*; AM '59.

We Want to Hear from You...

Submit a Class Note for *MichEcon News*

We welcome news of your recent accomplishments and transitions. Send your class note to: econ-alumnews@umich.edu; fax (734-764-2769); or mail (Economics Alumni News 238 Lorch Hall, 611 Tappan St., Ann Arbor, MI 48109-1220).

Submission guidelines

Include your class year and contact information (e.g. email, phone no., address) • Be specific about the names and locations of companies and schools, and about publication titles and publishers • If you mention other alumni in your note, please give their class affiliations and contact information • Specify if you do not want your note to appear on our website.

Department website: www.lsa.umich.edu/econ



ECONOMICS

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