

Spring 2016

Department of Economics Newsletter, v21, Spring 2016

University of Northern Iowa. Department of Economics.

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NEWSLETTER

Volume 21, Spring 2016

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It's been a while since we had a year that was not filled with turmoil. Over the last five years, the university has seen an enrollment decline and state funding decreases.

The College of Business Administration and the Economics

Department have had administrative and personnel changes. Even the sports teams have had ups and downs. By contrast, this has been a quiet year and most changes have been positive.

I wrote last year about some significant changes in the university and college administration. Our new provost, Dr. Jim Wohlpart has hit the ground running. He has created a number of new initiatives, advanced the university master plan and has focused on enhancing the quality of education of our students. He has also worked hard to increase enrollments.

Our college has a new dean, Dr. Leslie Wilson, who served for 14 years as our associate dean. Because she has been with us so long, the transition has been smooth. She is doing an excellent job as we strive to move the college and our departments forward. She is ably aided by the new associate dean, our own Dr. Lisa Jepsen. She is a hard worker and making great strides as an administrator but I think she still misses teaching and the close interaction with students.

As you have read in past Newsletters, we changed our annual student European trip from Moscow to Poland. Last May, we took four students there to present at a Polish University the research they had done on various topics. On page 8, Jonathan Heinzman describes his impressions of the trip. I was impressed with the country. The churches were gorgeous and the castles were impressive. Interestingly, there were very few treasures. It seems all royal wealth had long ago been stolen by Poland's many conquerors. The most sobering part of our trip was the tour of the German concentration camp at Auschwitz. Today it is a multi-

building museum graphically displaying in great detail the atrocities committed there against the European Jews and also others deemed undesirable by the Germans. As one of my students said, "I can't believe humans could be this cruel to other humans." Overall, the people were friendly and polite. English was widely spoken and we never had a communications issue. This is a nice country and I recommend a visit there. You will enjoy it.

The funding model proposed last year that would have more heavily weighted in-state student count was not approved at the state level. If approved it could have meant additional state dollars heading to UNI since we have a student population that is about 92% Iowa high school graduates. It would have been nice to get back some of the dollars that have been cut from us in recent years.

It's hard to say if economics has any hot topics but if we do have one, it would be behavioral economics. You may recall from your classes we assume Rational Choice Theory. That is, rational consumers are assumed to consider all available information, probabilities of events, and potential costs and benefits in determining preferences, and then act consistently in choosing their best choice of action. This lends itself to some pretty elegant math and some interesting conclusions. Unfortunately, it may not very accurately describe real world human behavior. Dr Ken McCormick has written a fascinating essay on page 14 about what might be a better way: *Behavioral Economics*. It's a "must read!"

We're pleased to announce the establishment of two more endowed scholarships. The first was created by Jim Hanisch, '74, and his wife, Barbara, named the Hanisch & Hamil Scholarship. Jim is the Executive Vice President of Network Operations and Corporate Development at CO-OP in Ranch Cucamonga, California. He was a student of mine in two classes in the late '70's and we are grateful for his generosity. The second was established by Jeff Scudder '03. Jeff is an attorney and served as our Alumni-in-Residence in 2012. We appreciate him giving back to our students. When I became head in 1990, we had one endowed scholarship. We now have ten. As you know, endowed

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scholarships are in perpetuity since only the earnings are awarded and the principal is untouched. I am so pleased by the support of our alumni to today's students. And, the students appreciate not only the money but the recognition. A real win-win!

Our department is stronger than ever. We have faculty dedicated to effective teaching and quality research. Our number one priority is our students. Even though the university has had a 10% enrollment dip, we have managed to increase the number of economics majors by 12% in four years. We offer a solid curriculum with a wide variety of elective courses for our majors. We have over 25% of our graduates seeking additional education in law school or graduate programs and our Business Economics majors are well placed and successful in the business world. We guard against complacency and work to continuously improve. We want your trust and confidence and make sure we deserve it.

As I've said so often, stop by and I'll buy you lunch. But call first!

7.

Scholarship News

When we make scholarship awards, we consider a variety of factors and some of our scholarships have different objectives. Some are given to our best students, some to those with the greatest need, and some to those with an excellent work ethic. In 2015 we were able to help eleven students.



The Mahmoud Yousefi Scholarship was awarded to Renee Croghan from Alton, Iowa. Renee was in the Business Economics emphasis and was a member of the Economics Club where she served as President. She graduated in the fall and is working at RSM (formerly McGladrey) in Des Moines as an audit associate.

The oldest scholarship we have, the Leavitt Scholarship, was awarded to Trevor Draisey from Keota, Iowa. He is in the Applied Economics Analysis emphasis and has a 3.99 GPA. He has been a tutor for the department as well as running weekly review sessions for students in microeconomics. Trevor will be working as an actuarial assistant at Principal Financial Group in Des Moines after graduation.



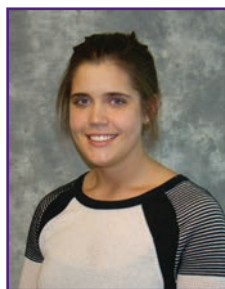
Erica Pabst was the recipient of the Glasener Scholarship. Erica is from Grundy Center, Iowa, majoring in the Applied Economic Analysis emphasis with a 3.94 GPA. Erica is a tutor for the department and a member of the Economics Club. Her plans for after graduation are to pursue employment where she can do market research.



Athene as an actuary.

Jacob Oswald received the Emeritus Faculty Scholarship established to honor our retired faculty. From Troy Mills, Iowa, he is majoring in the Applied Economics emphasis with a 3.98 GPA. After graduation he will be working at

The annual Maurice Van Nostrand Scholarship was awarded to Jessica Pabst from Grundy Center. She is in the Applied Economics emphasis and has a 3.93 GPA. Jessica plans to enter the workforce after graduation.



Washington, D.C. after graduation.

Luke Neuhaus, from Amana, Iowa, has a 3.80 GPA and was awarded the Alumni Scholarship. Luke is in the Business Economics emphasis. Luke has accepted a job working as a consultant for Bates White Economic Consulting in



Pella Corporation in their sales development program as a field sales trainee.

The second recipient is Mitchell Beckman from Houston, Minnesota. Mitch is in the Business Economics emphasis and has a 3.62 GPA. He has been a member of the Economics Club and the Pre-law Club. After graduation he will be working for

The Thomas Amlie Scholarship was awarded to Megan Hahn of Cedar Falls. Megan is in the General Economics emphasis and has a 3.73 GPA. She is an economics tutor and a member of both the Economics Club and the Pre-Law Club. Her plans for after graduation are to attend law school.



The Robert James Waller Economics Scholarship was awarded to Kevin McGee. Kevin is from Cresco, Iowa, majoring in the Quantitative Methods emphasis with a 3.99 GPA. Kevin is a member of the Economics Club. His future plans are to attend graduate school in economics.

future plans are to attend graduate school in economics.

The Economics Endowment Scholarship was split between two deserving recipients. The first recipient is Maggi Abbas. She has a 3.75 GPA and is majoring in the Business Economics emphasis. Maggi wants to stay in the Cedar Falls area following graduation. She wants to work at a bank or financial institution as well as travel and do mission work in other countries.



Lindsey Pedersen was awarded an Economics Advancement Award. Lindsey is from Rolfe, Iowa. She has a 4.0 GPA and is in the Applied Economic Analysis emphasis. After graduation she will be working at Nationwide Insurance in Des Moines on the commercial lines predictive modeling team.



Scholarship News

Contributions to our department scholarships are critical for supporting students as they struggle with increasing costs of higher education. Our alumni and friends have been extremely generous to us over the years and have helped us as we work to improve the quality of the economics program. Below is a list of donations received from January 1, 2015 through December 31, 2015 (apologies for any inadvertent mistakes or omissions).

\$1,000 +

Joel Abrahamson
Steve Anderson
James & Barbara Hanisch
Dorothy & Hans Isakson
John & Laurie Larsen
Janet M. Rives
Jeffrey Scudder
Jon & Stacy Shepherd
Rachelle Yousefi

\$500 - \$999.99

Fred & Robin Abraham
Andrew & Jennifer Behrens
Ernst & Young Foundation
Lisa Jepsen & Mark Parmenter
Bryce & Nona Kanago
Andy & Megan Thiel

\$250 - \$499.99

Marshall & Theresa Blaine
David & Carolyn Hakes
Joseph & Julia Parcell
Katherine Cota-Uyar & Bulent Uyar

\$100 to \$249.99

Liz Dunshee
Mark E. Miller
Robert Murphy & Steffanie Guess-Murphy
Kelsey Rinehart
Eric & Alicia Rosburg
Jamie Van Nostrand

Other

David & Marci Adams
Lyle Walter Fette
Mark & Lisa Milder
Kyle & Mallory Rehnstrom
Christopher & Mary Riley

**GET READY
FOR BUSINESS**

Law & Graduate School Application Help

Among the many objectives of the UNI Economics program is to prepare qualified students for law and graduate school. The deductive reasoning and analytical thought so prevalent in economics lends itself well to the study and practice of law as well as advanced study of economics. Our graduates who have gone on to school have reported they were well prepared by their economics major and have continued on to successful careers.

Unfortunately, the application process can be expensive. Several faculty in the department have established a fund which is used to defray some of the expenses related to the LSAT & GRE exam. If you wish to contribute to this fund, please make checks payable to the **Economics Advancement Fund: Applications** and send in the enclosed envelope.

Thanks for your help!

Remember

If you are contacted by the UNI Foundation or anyone else from the University about contributions, please consider being generous to our students. Also, you can designate that your gift be directed to the Economics Department or any of the Department's scholarship funds. If this is your desire, please so specify. Thanks!

—Fred Abraham

Give Now?

Please consider sending a contribution to our scholarships by using the enclosed envelope. With the rising tuition costs, our students can use the help! Thanks!

Charles T. Leavitt Scholarship

Originated in 1970 from memorials for the late Charles T. Leavitt, professor of history and economics at UNI. Dr. Leavitt was on the faculty at UNI for 23 years starting in 1946.

Economics Alumni Scholarship

Funding for this scholarship comes primarily from graduates of the Economics Department who have a desire to give back to current students.

Economics Endowment Scholarship

Established by Lisa VerMulm Dreyer, '87, to provide scholarship support for Iowa residents who are economics majors at UNI.

Emeritus Faculty Scholarship

Funding for this scholarship comes from retired economics faculty. Contributions are also made by former students who wish to honor and remember distinguished members of the department.

F. Russell Glasener Scholarship

Originated in 1987 from the estate of F. Russell Glasener. He graduated from UNI in 1911 with a degree in Political Economy.

Mahmood Yousefi Scholarship

Funded by a gift from Rachelle Yousefi in memory of her husband, Dr. Mahmood Yousefi, a professor in the Economics Department from 1981-1999. He died in 1999 after a long struggle with ALS.

Maurice A. VanNostrand Scholarship

Established in honor of Maurice Van Nostrand by his wife, Carol, and his son, Jamie, '76. He was Chairman of the Iowa Commerce Commission from 1971 to 1979. Prior to this he served three terms in the Iowa legislature.

Robert James Waller Scholarship

Established in 2012. Dr. Waller is a graduate of UNI who earned a doctorate from Indiana University, taught economics here and ultimately served as dean of the UNI School of Business.

Thomas R. Amlie Economics Scholarship

Established in 2007 by Thomas Amlie, '86. After graduating from UNI, he became a successful investor and representative at the Chicago Board of Trade.

Economics Advancement Award

This fund supports special scholarships, economic tutors, post-BA student applications, faculty research, economics club and a variety of other special projects.

Alumni News

Allen, Karsyn, '12. Realtor, Iowa Realty. Provides real estate services to buyers and sellers in Des Moines and surrounding areas. Karsyn shared that the real estate market in Des Moines is keeping her busy and there is a lot to look forward to in the upcoming year. She wants current economics students to know that it is well worth all of their hard work. Between interest rates and following the Fed to interpreting the housing market, it is applicable every day. She is so proud to be a UNI alum!

Baker, Trent, '15. Trent has been accepted into the Masters program in Economics at Iowa State University.

Becker, Sarah, '15. Sarah graduated in December and is working full time at Rockwell Collins in Cedar Rapids.

Brown, Alex, '13. Alex just started a new position as Data Analyst at Bossard. He is working directly for the CFO. In addition, he just got engaged, so it has been a big year. He started the year in Oman visiting his fiancée's family who are teachers at an English school. They did a teach abroad and liked it so much they stayed. It is truly a great country.

Clopton, Andrew, '11. Andrew has graduated from the University of Michigan law school. He graduated in the top 2% of his class and received the Order of the Coif. *The Order of the Coif is a national law school honor society which aims to reward excellence in legal scholarship. Each spring, the top ten percent of the September, February, and June graduating classes are elected and initiated into the society.*

Franson, Chad, '15. Chad has been accepted in the MS program at Central Missouri State in College Student Personnel Administration.

Martino, Max, '15. Max is attending the University of Colorado Law School.

Rehnstrom, Kyle, '09. CPA/Assistant Cashier, First State Bank. Kyle reports he spent 4.5 years at a CPA firm—five busy seasons preparing 1040s, 1065s, 1120s, etc. This past year he started employment with his dad and uncle at the family bank in Sioux Rapids, Iowa. He provides banking and insurance services in

addition to a tax/accounting division. He is married and has a son who was born in June.

Riley, Chris, '83. Chris has recently accepted a position as General Counsel for Gowan Company, LLC, in Yuma, Arizona. He previously worked for 20 years at MGK in the Twin Cities as General Counsel.

Upreti, Parash, '15. Parash is attending Tarelton State University, working on an MS degree in Data Mining.

Willard, Mark, '85. Mark lives in Lilburn, Georgia and works as an independent consultant developing pricing strategy, along with creating financial business case models. After completing his Masters in Economics, Mark worked for many years at Sprint in the Pricing Department. Mark is married and has three children, Morgan, who has a BS from Georgia Tech and a JD from the University of Michigan; Robert, who received a BS in Computer Science from Kansas State, and Catherine, who is about to enter 6th grade. Catherine and Willard are both 2nd Degree Black Belts.



Nathan Klyn (left), '13. Nathan is an Associate Account Analyst at Conversant, Inc. in Chicago. Conversant is a division of Epsilon, the global leader in creating customer connections that build brand and business equity. He recently met with students on the annual Economics Club trip.

Connect With Us

One of the things about college teaching that is a little sad is we many times see so little of our students after they graduate. Most students leave the university and their professors behind them as they begin a new chapter in their lives. In our department especially, we get to know a lot of our students pretty well during their years here. We have small upper-division classes, a variety of programs such as undergraduate research, the Russia trip, and econ club events that enable us to spend considerable time with our students while they are here.

I do know many students maintain close contact with some of their high school teachers but all too often, the linkages are lost with professors. It may be because post-college life is substantially different than post-high school life. Or perhaps we are seen as less open to contact. I can assure you the latter is definitely not the case.

If you have a chance, take a few minutes and drop a line to professors you remember particularly well or you connected with. It would be nice to list your career path thus far,

things you learned here that helped you and even some things we could be doing to help current students better prepare for life after UNI. And, don't forget personal information: spouse, kids, hobbies, trips, etc. E-mail addresses are on the front page and I can guarantee we will enjoy hearing from you.

—Fred Abraham

<http://www.business.uni.edu/economics>

Alumni-in-Residence

Reflections from Amy Rehder Harris, '95

I entered UNI in my second year of college with plans to become a high school teacher of government and economics. My first semester I signed up for Money and Banking taught by Dr. Hakes – his first class teaching at UNI. That was the most engaging class I had taken to-date and I was excited to dedicate time to learn more economics. I abandoned my education major and eagerly jumped to become a political science and economics double major. After another semester of inspiring economics classes, I moved to the PhD track with direction from Dr. Abraham, Dr. Johnson, and Dr. Hakes. That meant taking more math than I ever imagined I would volunteer to endure, but also as many economics classes as I could squeeze into a summer and four more semesters at UNI, also learning from Dr. Uyar and Dr. McCormick.

The economics faculty was always happy to help me make the right choices to reach my goals. I received enthusiastic guidance in selecting the pool of doctoral programs to which I applied. With that support, I received a fellowship to a high ranked PhD program at the University of Maryland, College Park. In the class of about 35 first years, I was the only American woman to make it through the first year and one of the few who passed both macro and micro comprehensive exams on the first try. I attribute much of that success to the strong foundation



**2015 Alumni-in-Residence
Amy Rehder Harris and
Fred Abraham.**

in analytical skills built at UNI. In addition, the faculty at UNI helped me build confidence to advocate for myself, a valuable skill that I used throughout graduate school and into my career.

My economics education has allowed me to achieve the position of Chief Economist and Administrator of the Research and Analysis Division for the Iowa Department of Revenue. I have served in this role for four years after working as a fiscal and policy analyst for

the Department six years and as an economist at the Congressional Budget Office for my first six years after graduate school. In my current role, I rely daily on skills that I built at UNI: basic economics, critical thinking,

writing, communication, and leadership.

I was honored to serve as an Alumni-in-Residence for the Economics Department. It was a pleasure to return to campus and speak about how economics is keenly relevant to all Americans' lives. I also enjoyed an opportunity to encourage students today to build those critical skills of communication and writing, things that I struggle to identify in individuals when filling research positions at the Department. The students I met were very impressive and I am excited to know that the Economics Department continues to develop top notch students.



Economics Club



A Minute-to-win-it at the Economics and Pre-law Club Mixer

The Economics Club started off the 2015-2016 school year with our annual kick-off event. The event was a great success as more than 50 students came together for food and fellowship. Students competed in a series of minute to win it games for a chance to win prizes and bragging rights. There were plenty of opportunities for students to socialize with new and existing members.

The Prelaw and Economics Clubs once again took on the task of manning a water stop at the Park to Park half marathon. We continued the tradition of a fiesta theme. Runners were very appreciative and many complimented us on our festive efforts!

Dr. Amin was a huge help in organizing an internship panel in October. Six students discussed their internship experiences and provided valuable advice. Participants worked in a wide range of companies and each had a unique experience to share.



Internship Panel

In October, we held a roundtable discussion on the minimum wage. Attendance reflected the topic relevance and controversy; over 70 students and faculty attended. Dr. Amin, Dr. McCormick, Dr. Surdam, and Dr. Uyar led the discussion and gave their thoughts on minimum wage policies. Students were encouraged to ask questions and share their viewpoints on the minimum wage. We look forward to holding more panel discussions like this in the future.

In December, club members spent an evening playing poker and socializing with faculty and peers. Students enjoyed pizza and put their Texas Hold'em skills to the test against fellow club members. It was a great way for students to relax before finals and just have fun!



Poker night!

In late March, we will go on our annual trip to Chicago. This year we will stop at the John Deere headquarters in Moline for a few presentations. Once we arrive in Chicago, students will have the rest of the night to shop and explore the city. The next morning we visit the Federal Reserve, followed by a panel discussion with nine Chicago-based alumni.

Students will learn about our alumni's post-graduate experiences during the panel and informally network with alumni over lunch. This is our second alumni panel and third alumni lunch in Chicago. Every year we learn something different from our alumni. If you are an alumnus in the Chicago or Minneapolis area and interested in participating in future club visits, please contact Professor Rosburg!



The Economics Club at the Fed in Chicago



Minimum Wage Panel Discussion

Throughout all of these events, students had opportunities to develop personally and professionally. The Economics Club has a good mix of educational events that allow students to interact with peers, professors, and alumni in a social setting. We would like to thank everyone who has helped make this year a success.

Chris McConahay
Co-President, Economics Club

Hanna Kerr
Co-President, Economics Club

Student Writing

Undergraduate Research Program

Last year professors Alam, Jepsen, and I accompanied five students to present their undergraduate research projects at the Eastern Economics Association conference in New York City. We got off to a bumpy start. Our flight out of Cedar Rapids was cancelled because of snow in Chicago. The airline reassigned us to several different flights for the next day that had connections in places like Dallas, Texas and that would get us to New York past the time that students were to present.

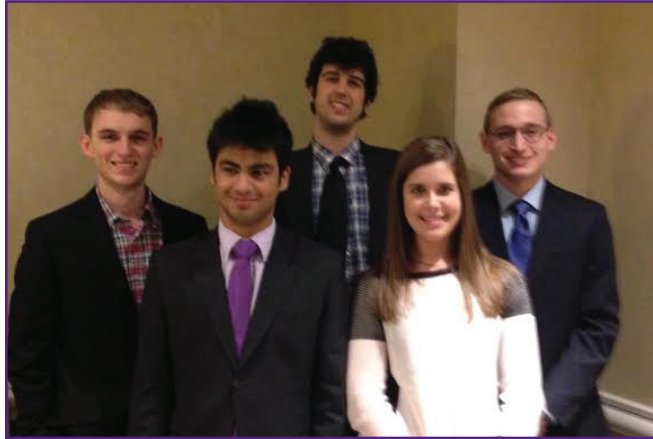
Professor Jepsen called our travel agent and got flights for the next day that would get some of us there just on time if the taxis were fast enough. However, these flights were out of Moline, so we had to drive there and stay overnight.

Professors Jepsen and Imam took four students on the first flight. That was all we could get on the early flight so Trent Baker, who was presenting the next day, and I waited for a later flight.

Erica Pabst who presented research on the effects of colonization on the growth of former colonies and Parash Upreti who presented research on the effect of religion on economic growth got to the hotel just in time to make their presentations early Friday afternoon.

Trent and I arrived safely and all eight of us went to a reception for all of the undergraduate presenters. We had some good refreshments and got to talk about research and life in Iowa with students from colleges on the east coast.

On Saturday Trevor Draisey presented his research on wages in the NFL, Tom Cullen presented his research on the value of a college



**L to R: Trent Baker, Parash Upreti, Tom Cullen,
Erica Pabst, Trevor Draisey**

education to baseball players in the 1920s, and Trent Baker presented his findings on the correlation between the shocks to prices and output of consumer goods.

On Saturday night we went to see the Broadway production of *Les Miserables*. It was a very good show and the students enjoyed it very much.

As usual our students' presentations were exemplary and they received comments and compliments from students and faculty from other universities. The hard work they put into their research and the feedback they received from the economics faculty during practice presentations paid off.

In April students presented their research to CBA faculty and students and made a very favorable impression. Two students who were unable to travel also presented their research to the CBA. Sharnae Lamar presented her findings about the productivity of second round draft picks based on their college stats and experience. Harrison Webb presented work on betting strategies for NFL games. We celebrated all seven students' accomplishments with a pizza dinner at the Brown Bottle.

The Undergraduate Research Program is one of many ways the department provides opportunities for engagement that rival those at private liberal arts colleges. The students learned a lot about research, professional travel and behavior, making effective presentations, and of course economics.

—Bryce Kanago



**Essay Winners, Parash Upreti,
Audrey Grove, and Luke Neuhaus.**

Lawrence M. Jepsen International Economics Essay Contest

This year three papers were awarded prizes: Luke Neuhaus's paper, *Renewable Energy: A Potential Tool for Economic Growth in Kenya*, Parash Upreti's paper, *Remittance, Labor Mobility, and Its Effects: An Analysis of the Nepalese Economy*, and Audrey Grove's paper, *Desertification and Deforestation in Haiti*.

Each of the winners received a monetary award from the Lawrence Jepsen fund as well as a certificate for their achievement. Congratulations!

Poland 2015

Although the 2015 spring semester was over, I was fortunate enough to continue my education through the UNI Economics Department's international exchange program. As one of four students in the program, I traveled to two cities in Poland: Krakow and Katowice. I had only left the Midwest twice and had never left the United States before the trip; I had no idea what to expect.

We visited Krakow first. Imagine the typical European city that you would see in a movie. Krakow is quite similar. The buildings are packed tightly together and the streets are narrow. This was a good thing, however, because it made looking at the beautiful and ornate architecture much easier. Krakow also has many churches with magnificent architecture. Try to picture 10' tall sculptures covered in gold leaf and ceilings at least one hundred feet high.

We then visited the city of Katowice and the University of Economics. Here I presented my research project and learned that Polish students are pretty much the same as American students. They go to class, listen

to music (American music, surprisingly), hang out with friends, and watch sports. Polish students do all this while also learning English—fortunately for us.

We stopped in Krakow once again and toured a 13th-century salt mine and the Auschwitz Memorial. The salt mine has a church, lake, gift shop (the TSA frowns upon unlabeled jars of white crystalline substances), and hotel all 450 feet underground! The Auschwitz Memorial is indescribable. Standing where atrocious crimes occurred produces a mix of feelings that can only be experienced.

The trip was a once-in-a-lifetime experience that I will always remember. Thank you to the UNI faculty and staff who went on the trip. The other students and I truly enjoyed getting to know you. Your preparation and company made the trip enjoyable. Thank you to the UNI Economics Department for making this trip possible.

—Jon Heinzman



Trent making his presentation



Mary Connerley, Bev Barber, Renee Croghan, Sarah Becker, Trent Baker, Jonathan Heinzman, Robin Abraham, and Fred Abraham at Wawel Castle



Dinner with Polish students



The Cathedral inside the Salt Mine



A cobblestone street in Krakow



Auschwitz Concentration Camp



Inside the courtyard of Wawel Castle

Homecoming Open House



As you might remember I am always trying new ideas. Unfortunately a lot of them don't turn out very well. But here's one that did. This year, right after the homecoming parade, we had an open house for all econ alumni and their guests and families. We also invited our current majors. People could stop by, have some pizza and snacks and stay as long or as short as they wanted. It was great to see folks we haven't seen since graduation. Here are some pictures from the day. We will be doing this again this fall so if you are coming to homecoming be sure to join us. You might even plan to connect with former classmates!

—Fred Abraham

Join Us!

October 1, 2016



Internships and Co-ops

Our internship program has blossomed in recent years. Students are understanding that internships are the “new interviews” and that many companies hire from their interns. In the past few years our students had internships or co-ops in many companies, government agencies, and non-profit organizations including the Committee for a Responsible Federal Budget (CRFB), Bates White Economic Consulting, CBE Group, Principal Financial, Heartwood Investments, Deloitte, Dardis Academy, Wells Fargo, Grinnell Mutual, John Deere, AEGON, State Farm, Nationwide Insurance, Athene, Toyota Financial, Kansas City Chiefs, Strategic Marketing Services, City of Ackley, City of Cedar Falls, Senator Grassley’s office, Northeast Iowa Foodbank, Iowa Legal Aid, and American Red Cross. Many of our students received full-time position offers after the completion of their internship. Two years in a row our graduates Career Outcome Rate has been 100 percent.

Every fall we organize a reception for returning interns. Students

share their experiences with faculty and Economics Club members. It is very rewarding for faculty as returning students often mention how the critical thinking and problem solving skills they learn in their Economics classes helped them excel in their internship. Our students often work with interns from larger schools and assure us that they felt just as prepared, capable and knowledgeable. They strongly encourage other economics students to seek out an internship.

For me, it is particularly gratifying to see that I can help students achieve this experience. It makes me very happy to see our returning interns offer to assist other students who want to secure an internship by letting them know what to expect and offering to assist them with their resumes. That said, our students still need help in securing internships. I humbly ask any alums who are in need of an intern to reach out to me. You will not be disappointed!

–Shahina Amin



Seated: Jacob Oswald, Jordan Beck, Erica Pabst
Standing: Trevor Draisey, Melissa Ament, Kevin McGee

Interns sharing their internship experiences with Economics Club members in Fall 2015.



Economics Students/Faculty Recognition



Dr. Bryce Kanago, Associate Professor of Economics has been awarded the MWOne UNiQue Academic Advising Award. Candidates for this award have demonstrated evidence to the quality of their advising in some or all of the following ways:

- Availability to advisees/students, faculty, or staff
- Frequency of contact with advisees/students
- Appropriate referral activity
- Use and dissemination of appropriate information sources
- Facilitating student progress toward academic and career goals
- Mastery of institutional regulations, policies, and procedures
- Participation in and support of advisor development programs
- Perception by colleagues of nominee’s advising or advising administration skills

Bryce advises all economics majors considering graduate school and over the years his work has paid dividends. The economics department has had over 30 students go on to serve as college professors. Much of that number is due to his efforts. He also advises majors from other departments and colleges. Bryce truly cares about students!



In July 2015, the National Association of Basketball Coaches (NABC) recognized those men’s collegiate basketball student-athletes who excelled in academics during the past season. **Max Martino** was honored with a spot on the NABC Honors Court. Max majored in general economics and psychology and graduated in May 2015 with a 3.83 GPA. Congratulations Max!



Arijan Alagic, an economics and management double major from Waterloo, Iowa was selected as the Post-Secondary National President of Business Professionals of America. A large portion of this position is dedicated to the planning and execution of BPA’s 50th Anniversary National Leadership Conference, hosting 6,000 students from all over the country. His summer was also filled with traveling and working for BPA. Responsibilities included being a member of the Board of Trustees, which entails having the final say on all the major decisions regarding the national organization. Arijan stated, “It was truly an honor to serve BPA at the national level and represent the University of Northern Iowa at the same time.” Arijan is a junior in the Business Economics emphasis.

Interesting Teaching Moments

Most professors go into teaching because it can provide enormous gratification. Few things are as enjoyable as the “light bulb moment” when a student’s eyes light up with understanding a difficult topic we have been teaching. Or when we hear of a former student who is having a successful life and credits a big part of it to what they learned from us. Nonetheless, it is a job for us but not without some fun as well as the satisfaction. I’ve asked our faculty to share some experiences they’ve had while teaching. I think you’ll find them entertaining.



Fred Abraham. Years ago teaching in Sabin Hall the classroom windows were left open on a warm spring day. Because the air conditioning was on, I closed the window but didn’t pay too much attention to what I was doing. I slid the window down and my tie got caught. The window was five feet tall with no handle at the bottom. The only way to open it was to push up on the frame at the top but unfortunately because my tie was caught I could not reach the top. Every time I tried, my tie got tighter around my neck. The class thought I was joking and was howling with laughter as I slowly strangled. Finally, a student in front recognized my plight and asked if I needed help. I could only nod and she quickly opened the window, releasing me from my prison. I never again closed a window without holding my tie.



Imam Alam. It was in fall 2012, one of my students asked me a question before the class started. And the question amazed me greatly because it was in Bengali (my native language). He asked me, “Apni Kemon achen?” (How are you doing?) and I said, “Ami bhalo Achi” (I am doing fine). This startled me because it was coming from a native Iowan. After the class was over he explained that he started a limousine business in New York City and many of his employees (mostly drivers) were from Bangladesh. The student came back to get his bachelor’s degree because the recession forced him to close down his business.



Shahina Amin. It was the Economics of Labor Markets class in Room 127. Friendly group of students—pays attention and participates. I was writing on the chalk board. When I turned around I saw some of the students were not writing and not looking at the board. They were looking at the floor and had their feet on the chairs. Following their gaze, I found out that there was a spider very close to me. It was not an itsy-bitsy spider, it was quite big. I exclaimed and took a few steps back. The class started laughing. Then it went somewhere that I could not see. I continued to teach—but was very uncomfortable and so were the students in the front row. Then a student pointed out that it appeared again and was again very close to me. I did not take any more chances—forget about teaching—I went to the corner of the room, and tried to climb on a chair, but could not—I would have fallen anyway! But then, fortunately, a male student stepped up, found the spider and killed it. With a sigh of relief and big thanks to the student, we continued to learn!



David Hakes. When giving an exam, I move students to a more secluded seat if I think they might be looking at the exam of the student next to them. Years ago, I moved a student who received the only 100% on the exam. Clearly she was not cheating but, instead, was so focused that she was simply staring off into space while thinking. Years later, in an economics department meeting, I told the story of moving a student that happened to be the best student in the class. Our most recent hire, who did her undergraduate work here at UNI before earning her Ph.D. and returning to UNI as a professor said, “That was me!” So, I moved possibly the best student I’ve ever had for cheating. I guess that just shows how perceptive I am. It’s a good thing I’m not in sales.



Hans Isakson. My favorite class at UNI was a summer class of about 15 students taking Principles of Microeconomics. The students in this class came to class every day well prepared to answer questions about the material assigned. I believe that these students fed off each others’ preparedness, not wanting to be the only student in class unprepared to participate in classroom discussions. The students volunteered eagerly to answer questions, and their answers were almost always correct! My biggest surprise was when students volunteered to answer rhetorical questions! These students also asked very probing questions regarding the material being studied. Plus, they began to answer each other’s questions. It was a joy to teach this class of motivated students.



Lisa Jepsen. When I discuss the concept of diminishing marginal utility, I bring donuts to class. I ask a student to consume the donuts throughout the class, periodically reporting how he/she feels. One semester a student ate the entire bag of donuts—about 20! I was quite concerned that the student would become ill. Fortunately, he did not.

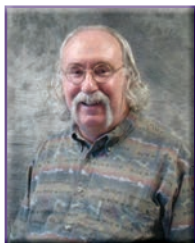


Bryce Kanago. One warm and sunny spring day I was teaching Principles of Microeconomics and had the windows open to let the breeze flow through. As I finished saying “One of the requirements for an industry to be perfectly competitive is free entry . . .”, a cardinal flew into the room and perched on the chalkboard. I waited a few minutes unsure what to do. The cardinal flew out and I said “and free exit”!

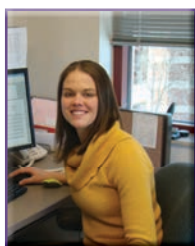
Interesting Teaching Moments (cont.)



Chris Lukasiewicz. Probably my favorite classroom moment involved a marginal analysis problem in Decision Techniques. I was describing how to maximize functions using derivatives and the discussion led to why the government mandated a 55 mile per hour speed limit to save on gas during the oil embargo. One thing led to another and I ended up showing the class a music video by Sammy Hagar entitled, “I can’t drive 55” to illustrate the point.



Ken McCormick. I was teaching a large section of Macro Principles. The class was at 8:00 am which means the students were not usually particularly alert. One morning I noticed that the students seemed not only alert but in an especially good mood. I thought it was because of my especially good lecture until after class a young woman came up and informed me that I had my shirt on inside-out.

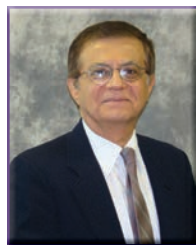


Alicia Rosburg. One of the first courses I taught was an upper-level course taken primarily by graduating seniors. The final exam happened to be scheduled for the last time slot during finals week. One of the graduating seniors finished the exam early, turned it in with a huge grin, and thanked me for a great semester. I felt happy for him as he walked out proudly. However, he proceeded to slam open the classroom door and

shout at the top of his lungs, “HECK YEAH - I’M DONE!” (Note: language slightly modified). I’m certain every classroom in the building heard him. The remaining students in my class doubled-over in laughter. Refocusing wasn’t too hard with a simple reminder that they weren’t done yet and the clock was ticking!



David Surdam. File this under weird student excuses. Years ago, a student e-mailed me stating he could not take the exam, because he had been stuck in an elevator for several hours and was too flustered. I told him to send me a letter from the building manager stating the facts. I received the letter and was looking at it, when it dawned that he had been stuck in an elevator in my high-rise apartment building! I went to the building manager, and she confirmed his story. Some weird excuses are legitimate.



Bulent Uyar. A student once wrote on his assessment form, “Professor Uyar thinks he is funny. And that is funny!”

Gotta Love the Internet!



As you know, holiday sweaters are now in vogue (some call them ugly sweaters but I prefer holiday). I wore one to class just before Christmas. It was my large Principles of Macroeconomics

class with over 200 students and they started laughing as soon as I walked in. Relenting, I said they had 30 seconds to take pictures. Instantly, I was looking at a sea of phones. Class ended at 10:50 am and I was back in my office by 11:00 am. I had an email from my wife telling me her friend had already seen the picture. At 11:06 her son in Ames sent a copy of the picture. At 11:15 her other son in Kansas sent me a copy of the picture. The internet is unbelievable!!

—Fred Abraham

Spooky Class!



Economics is known as the dismal science but the spooky science? Look at who (or what?) visited Professor Ken McCormick’s class on Halloween. Not exactly what we would wear to a wedding but sometimes even economists have fun! Recognize anyone?

—Fred Abraham

Minimum Wage



Should the federal government increase the minimum wage? Would it help the poor? Would it increase unemployment? Does it encourage teenagers to drop out of high school? Should there be a minimum wage law to begin with?

This is what we hear when the issue of minimum wage comes up. Discussions become particularly loud during an election season. As with any public policy, minimum

wage legislation is controversial because there is a group of people who would gain from it and there is another group who would lose.

A minimum wage was first established in 1938 under the Fair Labor Standards Act to ensure that workers receive a “living wage,” one that will provide full-time workers an annual income sufficient to purchase the bare necessities of life. A minimum wage would also prevent monopsonistic employers (a monopsony is a market with one employer) from exploiting low-skilled workers. From the inception of this legislation, there have been heated arguments from both sides. The opponents argue that the minimum wage would increase unemployment, decrease wages in the non-covered sectors, encourage teenagers to drop out of high school and would not help reduce poverty. Thus, opponents believe the minimum wage should be eliminated in order to let the invisible hand decide the fate of workers.

Employers are buyers and workers are sellers in the labor market. In a free market buyers and sellers come together, the invisible hand works, and a price of labor, the wage rate, is determined. Economic theory predicts that when the government sets a price floor such as the minimum wage above the market clearing wage, the quantity of labor supplied becomes greater than quantity demanded. The result is unemployment. This resulting unemployment has been the greatest concern of this legislation. Proponents of minimum wage legislation say that unemployment could result, but such predictions are made holding other things constant. How much unemployment is created depends on the elasticity of the demand, the elasticity of supply curves, as well as the amount by which the minimum wage exceeds the market clearing wage.

Minimum wage legislation can also be analyzed in the context of a monopsony market. Theory suggest that in a monopsony market the minimum wage law can actually increase employment. The employment effect of the minimum wage is one of the most studied topics in all of economics. Two recent meta-studies (studies of studies) analyze research conducted since the early 1990s and conclude that the minimum wage has zero or no statistically significant effect on the employment prospects of low-wage workers. The *Economist* in the July 25, 2015 issue reported that “Truckloads of studies, from both America and Europe, show that at low levels – below 50% of median full-time income, with a lower rate for young people- minimum wages do not destroy many jobs.”

The current minimum wage is \$7.25 per hour, last raised in July 2009. The minimum wage rate is specified in nominal terms and not in terms relative to some other wage or price index. It is adjusted by Congress

only sporadically. This means that general price inflation gradually lowers the real minimum wage during the years between congressional actions. Some economists believe that the minimum wage would have to be increased from \$7.25 to \$10.55 per hour to make up the value lost to inflation. But theories say that wage should reflect productivity. Some other economists calculate that if the minimum wage is adjusted for both inflation and productivity it should be at least \$15. These economists believe that since the current minimum wage is low, tax payers bear a significant portion of welfare payments going to needy families. An increase in the minimum wage would not require excessive tax increases and workers could, themselves, pay for their housing and medical needs.

A major criticism of minimum wage legislation is that it benefits only teens. The Department of Labor, in its website, noted that “89 percent of those who would benefit from a federal minimum wage increase to \$12 per hour are age 20 or older, and 56 percent are women.”

Does the minimum wage help to move people out of poverty? Opponents find that it does not and argue that the minimum wage is not well targeted. But recently a group of economists calculated that a minimum wage of \$10.10 would reduce the poverty rate for workers between the ages of 18 and 64 by as much as 1.7 percentage points. That would bring about 4.6 million people out of poverty.

Recently Walmart increased its minimum wage to \$9 per hour. It took this action as an investment venture to increase its productivity. Walmart intends to make its stores more pleasant and more appealing to affluent customers. The *Economist* in the January 30, 2016 issue reported that “Walmart says that the number of stores rated as sufficiently ‘clean, fast, friendly’ by customers has increased from 16% in February 2015 to over 70% today.” This supports the “efficiency wage” hypothesis, that better paid workers are more productive. Opponents of higher minimum wages note that pay raises cannot be free and that Walmart’s customers, shareholders, suppliers and other employees must be paying for the increase.

Some economists argue that the cost shock of the minimum wage is small relative to most firms’ overall costs and only modest relative to the wages paid to low-wage workers. The negative employment effects can be adjusted through many other ways. Employers can reduce hours, non-wage benefits, or training, increase prices to customers, or simply accept a smaller profit margin. For most of these issues empirical research is not conclusive. On the other hand, workers may respond to the higher wage by working harder on the job. Most importantly, studies find that a higher minimum wage reduces labor turnover, which yields significant cost savings to employers.

As you can see, economists are divided on this important issue. But most agree that the earned income tax credit that directly targets the working poor is a better tool. They note, however, that the tax credit would cost tax payers. Minimum wages can work as part of the policy mix only if they are modest. If the minimum wage is set too high, it can harm the very people it intends to help.

—Shahina Amin

Why Behavioral Economics?



Economics is fundamentally about human behavior. Yet at the core of neoclassical economics are assumptions about human behavior that many people (especially psychologists) think are absurd. Neoclassical economists assume that people are rational utility maximizers. According to Nobel Laureate George Stigler, this means that people's tastes are consistent, they are able to make accurate

cost calculations, and they will actually make the choices that maximize utility.

In other words, we can always figure out what is best for us and then actually do it. Neoclassical economists believe that people can make the difficult calculations required to determine the optimal amount to save for retirement AND have the self-discipline to actually save that amount. We can also stick to our diets, avoid impulse buys, and quit smoking if we want.

This view of human behavior originates with an eccentric Englishman named Jeremy Bentham. Bentham was the founder of Utilitarianism and argued that "two sovereign masters, pleasure and pain" drive all behavior. Moreover, we are all rational in how we seek pleasure and avoid pain; he went so far as to say, "even madmen calculate." Bentham's ideas did not embed themselves deeply in economics until mathematics became important in economic analysis. Mathematical modeling is much easier when human behavior is so simple; if we always choose the value where the first derivative is zero and the second derivative is negative, our behavior is easy to predict. So economists let the method determine the "facts" rather than let the facts determine the method. The tail began to wag the dog.

Some economists objected to this approach. In 1978 Herbert Simon received the Nobel Prize in Economics for his work on bounded rationality and "satisficing." In a nutshell, he pointed out that people have limited brainpower and so cannot maximize anything. Instead, they choose what they think is "good enough." But dissenting voices were mostly quieted by Milton Friedman's argument that the realism of a model's assumptions does not matter as long as the model predicts well. He used an analogy to illustrate his point. He said that if we wanted to model the actions of an expert billiards player, we would use Newtonian physics. The billiards player may not know any physics at all, but our model would predict well. It was "as if" the player consciously applied Newton's laws.

Yet most billiards players are not experts. Models based on expert play do not predict the actions of most players. And it turns out that in many important cases, economic models do not predict well either.

University of Chicago economist Richard Thaler began to compile a list of "anomalies," behaviors that were not predicted by the standard model. Thaler had read Thomas Kuhn's brilliant book, *The Structure*

of Scientific Revolution. He knew that to change any scientific paradigm, two things are required: 1. There must be important cases where the old paradigm fails, and 2. There must be a new paradigm that can explain both the anomalies and everything that the old paradigm can explain. (Physicist Max Planck would no doubt add a third requirement that the old guys must die off.)

In 1977 Thaler met psychologists Daniel Kahneman and Amos Tversky and discovered that they had similar interests. They all were investigating how people actually make decisions, and drew a distinction between "Econs" (the rational, self-disciplined actors in economic models) and "Humans" (real people in real life). Eventually their work would blossom into the new field of Behavioral Economics, which blends psychology with economics. In 2002, Kahneman received the Nobel Prize in Economics for his work in behavioral economics (Tversky would almost certainly have shared the prize if he had lived long enough to do so).

One of Kahneman's and Tversky's major contributions is something called Prospect Theory. One implication of the theory is that decisions are influenced more by potential gains and losses than by outcomes per se. People are loss averse; independent of the starting point, people feel losses more than twice as acutely as equivalent gains. One practical application of this insight helped to improve energy conservation. An information campaign that told people they will save \$350 if they adopt energy-saving methods was changed to tell people they will lose \$350 if they do not adopt energy-saving methods; after the change the campaign became much more effective.

Note that to an Econ, the messages in the two information campaigns are identical, so behavior should not change just because it is presented differently. This illustrates another idea in behavioral economics called "framing." It turns out that decisions are affected by how information is presented. Even "experts" are affected by framing. Doctors who are told "90 out of 100 seriously ill patients are alive five years after the treatment" are much more likely to choose the treatment than doctors who are told "10 out of 100 seriously ill patients are dead five years after the treatment." The information presented is identical, but the reaction to it is different because it has been framed differently. Marketing people have long known the importance of framing; it is embarrassing that many economists still do not think it matters. Econs are immune to framing, but humans are not Econs.

Behavioral economists also emphasize the role of inertia in our behavior. Among other things, this makes us vulnerable to whatever the default happens to be. In a famous real-world experiment, a business offered a 401(k) plan for its employees. As with many such plans, the employer would match 50% of funds contributed by the employees, up to six percent of their salary. The default was for employees not to participate in the plan. To enroll, employees had to fill out a simple form. The participation rate after three months on the job was 20% and increased to 65% after three years. When the default was changed so that employees were automatically enrolled unless

Why Behavioral Economics? (continued)

they filled out a short form to opt out, the three-month participation rate rose to 90% and after three years it was 98%. Retirement saving is an important economic decision, and the employer was offering a 50% return in addition to what the funds might earn in the market. Neoclassical theory would suggest that filling out a simple form would not be a significant barrier with so much at stake, but it was. Humans are not Econs.

Another difference between Humans and Econs is that Econs are always made better off by having more choices; it is an axiom of neoclassical theory. (On one of my PhD qualifying exams I was asked to prove that.) Thaler attended a dinner party at which the guests were rapidly devouring a large bowl of cashews. The host noticed and promptly took the bowl away. Every guest thanked the host for removing the bowl; they had been made better off by reducing their options. The problem at the dinner party was a lack of self-control; the guests knew that eating too many cashews would ruin their dinner, but lacked the self-control not to eat them. Econs do not suffer from self-control problems.

Econs also have unlimited brainpower, unlike humans. When Sweden partially privatized its Social Security system, it offered people a choice between a carefully selected default fund (heavy on diversified index funds) and 456 other funds. The Swedish government (no doubt under the influence of neoclassical theory) then embarked on an advertising campaign to encourage people to choose the fund that was best for their own situation. Two-thirds of the participants did what the government encouraged them to do and made their own selections. Those who selected their own portfolios wound up, on average, with more actively managed funds, higher fees, and less geographically diversified portfolios (48.2% of their funds were invested in Swedish companies).

Kahneman (like many other psychologists) contends that humans operate with two mental systems. System I operates automatically, with little or no effort. It is reflexive and makes instant decisions. System II is our more deliberate, reasoning system. It tends to be lazy and tires easily; we use it as little as possible. It usually kicks in only when System I has no automatic response, such as when we have to calculate 467 multiplied by 319. We like to think of our real self as System II, but in fact we live most of our lives using System I.

The problem is that System I makes systematic errors, has definite biases, and generally fails to understand either logic or statistics. To provide just one example, people have been asked (in MANY experiments) to say which of the following events is more likely: 1. A massive flood next year somewhere in North America that causes more than 1,000 people to drown, or 2. An earthquake in California sometime next year that causes a massive flood in which more than 1,000 people drown. The consistent result is that people tend to think event 2 is more likely. The extra detail evidently adds to its plausibility even as it reduces its probability compared to event 1.

System I uses heuristics, not analysis, to make decisions. It rationalizes rather than reasons. It jumps to conclusions, suppresses ambiguity, exaggerates coherence (e.g. sees patterns where there are none), falls prey to priming and anchoring effects, confuses causation with correlation, confuses luck with skill, suffers from confirmation bias, has a variety of other problems, and is overconfident while doing so! Econs use only an infinitely powerful System II; the rest of us live our lives mostly in the grip of a defective System I.

One way to think about all this is to consider neoclassical theory as a normative theory. It tells us how to behave if we want to maximize our utility. It is how we would behave if we only used System II, had unlimited brain power, and had perfect self-discipline. But despite what the textbooks say, neoclassical theory cannot be considered a positive theory because it does not describe how people actually behave. Behavioral economics is an attempt to provide a positive theory of human behavior. As it matures (and as the old guys die off), I fully expect the paradigm shift that Thaler envisioned. In my view, that will improve the discipline enormously and make economic analysis much better.

If you want to learn more about behavioral economics, I highly recommend Richard Thaler's most recent book, *Misbehaving: The Making of Behavioral Economics*. And if you want to learn about how flawed your thinking really is, read Daniel Kahneman's book, *Thinking, Fast and Slow*.

—Ken McCormick

Count It!

128	Current Economics Majors
923	Economics Alumni
12	Economics Faculty
245	Total years of UNI teaching by current Economics faculty
352	Total years of teaching experience by current Economics faculty

Faculty Interview

An interview with David Hakes

Professor David Hakes earned his BS in Economics in 1977 at Iowa State. He then went on to a PhD at Iowa State in Economics in 1985. He joined the UNI economics department in 1992. While at UNI, he has won awards for teaching, research and service to the department, college, university and profession. He currently is ancillary coordinator for the number one selling economics textbook in the world. Here is an “elevator interview” with him.



formally charge him with cheating. He earned an “A” and later earned an MBA from a flagship university. He went on to have a fine career in banking. Years later he wrote me, suggesting that our confrontation was the turning point in his life. Sometimes we have an impact on a student in an unexpected way.

How did you wind up at UNI?

My wife and I are from Iowa. While I was working at the University of Missouri-St. Louis, Ken McCormick, a colleague from graduate school, let me know that there was an opening here at UNI. Both the school and the location were a good fit.

You’re an Iowa native, didn’t you want to get away from the snow and cold?

I might like to get away from the cold, but my wife loves snow so going south was not an option.

What are the best things about the UNI Economics Department?

We have a good, hard working, sincere faculty. We also have some very good students who appreciate our efforts.

What is your favorite class to teach?

My favorite class is Introduction to Economics, the class we offer for the Liberal Art Core. At a previous appointment, I taught graduate level macro where I spent a great deal of time on mathematical technique and very little time on economics. Lower level classes allow me to concentrate on economic issues as opposed to technique, and Introduction to Economics is our lowest level class.

What’s your most interesting classroom memory?

I had a student in principles of macro that brought a friend (who was not in the class) to the final exam. They planned to hand in only one exam between them – presumably the one that was the better of the two. I discovered the scam by accident during the exam and the students ran out of the room while the exam was ongoing. Since it was a large lecture, it took some time to figure out who was whom, but I located the student and gave him the option of going through a formal grievance for cheating or taking my class again. However, if he took the class again with me, he had to earn an “A” or I would

Have students changed in your 24 years here?

Of course, but so have I. Many of today’s students are not used to having demands placed on them. But they will respond well to high expectations as long as the instructor holds him or herself to the same high standards – be on time, be prepared, be precise, and so on.

Describe the research publication that makes you most proud.

I have a couple of publications in *Money, Credit, and Banking* that received a high volume of citations. But I’m more proud of a paper in the *Southern Economic Journal* with Ken Brown. We took a comprehensive data set on bank mergers and demonstrated that legal restrictions on bank mergers reduced the merger values of the acquired banks. It was the most air-tight paper with which I’ve been involved. Unfortunately, it did not receive a great deal of publicity or citations because the law that made it relevant was changed soon after the paper was published.

Who is the most insightful economist of our time?

John List, at the University of Chicago, combines traditional neoclassical economics, behavioral economics, and natural experiments in a most unbiased way. It does little good to declare economic actors as always rational or always irrational. The art of economics is to know when each approach is most useful, and he is the best at it. He is now most famous for the use of natural experiments where he uses big data to test economic theories rather than using controlled experiments or samples. His work is a game changer. He did his graduate work at the University of Wyoming, a mediocre school that does not have an important economics program. That may help explain why he is such a free thinker. His training did not force him to be attached to a particular school of thought.

If you could change anything in your career, what would it be?

I would choose to be smarter, more athletic, and better looking.