

E NEWS

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2006

Newsletter of the Department of Economics

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Greetings from the chair

James E. Payne

Welcome to another edition of the department's annual newsletter. The past year has been quite fruitful for the department. Curricula changes in both the undergraduate and graduate programs have been approved by the University. We also hired a new faculty member this past year. Doug Schwalm is a new assistant professor specializing in health economics and applied econometrics. While we hired a new faculty member, we lost a valuable colleague in the retirement of Dean Heibert. In light of Dean's retirement and his role as co-director, the Institute for Regulatory Policy Studies was restructured in order to fill the void. While Dave Loomis continues to serve as executive director, the institute has expanded its activities with the addition of two faculty members currently in the department. Lon Carlson is serving as the director of outreach and Rajeev Goel will head up the institute's research agenda as the director of research. Not only has the institute been restructured, but the department has undergone a temporary realignment with Neil Skaggs serving as acting chair for the Department of Chemistry. Moreover, during the past year, a number of faculty have received external recognition for their accomplishments. Sherrilyn Billger was honored as an IZA Research Fellow at the Institute of Labor Studies in Bonn, Germany. Given his research on tobacco use, Rajeev Goel was an invited grant reviewer for the State of California as well as the Government of Canada in the administration of research grants related to tobacco control. Dave Loomis has been a member of the interdisciplinary wind energy project and recently received an additional \$1 million in federal funding from the U.S. Department of Energy to support the project.

The department has also been involved with rejuvenating and developing ties to our alumni. Two of our alumni, James Koch and John Matheson, were inducted into the College of Arts and Sciences Alumni Hall of Fame. I am very appreciative of the willingness of a number of our alumni to serve on the department's newly created advisory board. I would also like to thank the alumni for contributions to the department's Excellence Fund; the funds have been critical in maintaining the quality of our academic programs. On the fiscal front, it appears the potential budget cuts for this academic year have not materialized, perhaps signaling a positive outlook for an improving budget situation. As a means to not only keep in touch with our alumni, but also provide valuable information that can be used in the assessment of our programs, I encourage you to complete the alumni survey distributed by the University. On

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HALL OF FAME INDUCTEES

Congratulations to College of Arts and Sciences Hall of Fame inductees: James Koch and John Matheson

James V. Koch '64

James Koch is board of visitors professor of economics and president emeritus at Old Dominion University. He also served as president of the University of Montana from 1986 to 1990. He was identified as one of the 100 most effective college presidents in the United States. Koch also has held teaching and research positions at Illinois State University, California State University at Los Angeles, the University of Grenoble (France), Brown University, Rhode Island College, Ball State University, the University of Hawaii, the Royal Melbourne Institute of Technology in Australia, and the University of Montana. Koch has published nine books and 80 articles in refereed journals. Koch has served as a consultant or expert witness for over 50 legal firms, corporations, and universities. Additionally, he has led or been a part of teams commissioned by the presidents or boards of trustees of more than two dozen universities to evaluate the strategic position of these institutions. His 1996 book, *Presidential Leadership* (co-authored with James L. Fisher), is used as a reference and textbook in many universities and leadership institutes. Another of Koch's interests is the history of World War II; he began teaching a World War II history course in the early 1980s and has published a series of items on aspects of World War II. He is a non-competitive runner and also enjoys playing basketball. He holds a Ph.D. in economics from Northwestern University. He has been awarded honorary doctorates by Yeungnam University in Korea and Toyo University and Kyushu Institute of Technology in Japan. Koch received the Illinois State University Distinguished Alumni Award in 1994.

John H. Matheson '74

Originally from Chicago, John Matheson is a nationally recognized expert in the areas of corporate and business law. The courses he teaches at the University of Minnesota Law School include business associations and corporations, contracts, corporate finance, publicly held corporations, and closely held corporations. In 2001, Matheson was appointed to the Melvin C. Steen and Corporate Donors Professorship in Law. In 1995, he was appointed the S. Walter Richey Professor of Corporate Law. On three occasions, Matheson has been the recipient of the annual Stanley V. Kinyon Outstanding Teaching and Counseling Award. He also held the Julius E. Davis Chair in Law for 1992-1993. After receiving his bachelor's degree from Illinois State, Matheson earned his J.D. degree, cum laude, from Northwestern University School of Law, where he was editor-in-chief of the *Northwestern University Law Review*. After completing his J.D., he clerked for Judge Robert A. Sprecher of the United States Court of Appeals for the Seventh Circuit. Matheson then practiced with the law firm of Hedlund, Hunter & Lynch (now Latham & Watkins) in Chicago. In 1982, he joined the University of Minnesota Law School faculty. He is a member of the American Law Institute. He also serves as director of the University of Minnesota Law School Continuing Legal Education Programs and is co-director of the Kommerstad Center for Business Law and Entrepreneurship. He is Of Counsel to the Minneapolis law firm of Kaplan, Strangis and Kaplan, where he specializes in corporate governance counseling, mergers and acquisitions, and securities law matters. Matheson's eight books and numerous articles predominantly address business and corporate law issues.

NEW VISITING SCHOLAR

The department welcomes Jin Yu as a visiting scholar. She is a professor of economics at the University of International Business and Economics in Beijing, China. Her research interests

lie in international trade and finance, specifically Chinese trade flows and foreign direct investment. Professor Yu will be working with Kevin Zhang on the Chinese export sector.

NEW FACULTY

New assistant professor: **Douglas Schwalm**



Doug is the newest faculty member to join the department. He received his Ph.D. from the University of California at Berkeley, and has taught health, labor, and microeconomics at Louisiana State University. His primary research interests are in health, labor, and applied econometrics. Doug's current research topics include the incomes of psychia-

trists and the effects of managed care, nursing programs, the econometrics of small area variation and the Medicaid undercount, as well as the welfare effects of direct consumer advertising. His most recent publication examined the patterns of physician migration in California, and the relationship with county-wide HMO penetration. Both Doug and his wife grew up in Michigan's Upper Peninsula. They have 1.5 children, the oldest of whom is a 3-year-old named Gabrielle, and the youngest of which is yet to be determined.

DEPARTMENTAL TIDBITS

ROPING IN THE MARLBORO MAN

In recognition of his research on tobacco, Rajeev Goel was an invited grant reviewer by the State of California and the Government of Canada. Both programs administer several million dollars worth of research grants related to tobacco control every year.

SHERRILYN BILLGER HONORED AS IZA RESEARCH FELLOW

Sherrilyn Billger has been named a Research Fellow with IZA, the Institute of Labor Studies, in Bonn, Germany. IZA is an independent research institution that cooperates closely with the University of Bonn in conducting economic analyses on national and international labor issues. IZA's network of Research Fellows includes internationally renowned labor economists from the top universities in Europe and the United States.

AN ADDITIONAL \$1 MILLION FOR THE WIND ENERGY PROJECT

Dave Loomis, in conjunction with two faculty members in the College of Applied Science and Technology, has received \$1 million in federal funding for the development of wind energy resources. This funding will help develop an interdisciplinary renewable energy major at Illinois State, create an Illinois Wind Energy Group, and establish a new Center for Renewable Energy. Part of the Center for Renewable Energy's purpose is to provide citizens, policy-makers, and large- and

small-scale developers with non-biased information on the potential for wind energy production in Illinois.

DEAN HIEBERT RETIRES, WILL ENTER TOUR DE FRANCE

Dean joined the department in August 1973, having just completed his Ph.D. from the University of Wisconsin-Madison. Dean's genuine intellectual curiosity and his enthusiasm for microeconomic theory were evident in his ability to teach both undergraduate and graduate students. Dean's research has been published in top journals such as the *Journal of Industrial Economics*, *Journal of Risk and Insurance*, *Journal of Comparative Economics*, *Southern Economic Journal*, and the *American Journal of Agricultural Economics*. Dean's hobbies include designing and building stereos, gardening, and cycling. As for the Tour de France, I would not put it past Dean to be peddling through the Pyrenees.

ECONOMIST NEIL SKAGGS TURNS CHEMIST

Neil Skaggs has been applying his skills as an economist in the management of the Department of Chemistry during the 2005-2006 academic year. Neil is serving as the department's interim chair as a national search for a permanent chair is undertaken. Given the absence of any explosions from Julian Hall, it appears all is well.

INSTITUTE FOR REGULATORY POLICY STUDIES RESTRUCTURED

In July 2005 the Institute for Regulatory Policy Studies underwent a restructuring to better position itself to enhance both its outreach efforts to the regulatory community and research profile. With the retirement of longtime co-director Dean Hiebert, Dave Loomis assumed the role of executive director. In addition to Dave's new role, the institute created two new positions. Lon Carlson became the director of

outreach. Lon is responsible for planning the institute's conferences for industry professionals. Rajeev Goel became the director of research. Rajeev is supervising the institute's graduate student research fellows as well as overseeing the institute's research agenda. For more on the institute's restructuring, research, and outreach efforts, visit the institute's Web site at www.irps.ilstu.edu.

THE DEPARTMENT OF ECONOMICS ADVISORY BOARD

One of the most significant developments for the Department of Economics this year has been the establishment of the Department of Economics Advisory Board. This exceptional group includes community, business, and academic leaders who have all volunteered to advise the department as we work together to advance our teaching, research, and service objectives. Through the board, the direction and decisions of the department can benefit from the collective experience and insights of a broad range of constituents.

Board members:

Deborah D. Amdor '72

Project Planner, State Farm Insurance Companies, Bloomington

Laurie Jo Bassi '76

CEO, McBassi & Company, Golden, Colorado

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CEO, Bouchard Group, Chicago Heights

John Carter '79

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Senior Economist, Illinois Farm Bureau, Normal

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Pricing and Business Analyst, Caterpillar Inc., Peoria

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Associate Dean, Agriculture Extension Services, University of Wisconsin-Madison

James V. Koch '64

Professor of Economics, Old Dominion University, Norfolk, Virginia

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Professor Emeritus, Illinois State University, Normal

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Senior Manager, Accenture, Marietta, Georgia

Paul L. Schumann '77

Professor of Management, Minnesota State University, St. Peter, Minnesota

Ronald L. Ulmer '75

Contractor/Entrepreneur, Decatur

Greetings... *continued from front panel*

behalf of the department, I invite you to share your news and accomplishments with us so that we can share them with others in future issues of the newsletter. Just drop me an e-mail at jepayne@ilstu.edu with "Alumni News" in the subject line. All issues of the newsletter are available on the department's Web site, www.econ.ilstu.edu, where you can also check out the "Alumni" section.

SELECTED PUBLICATIONS OF THE FACULTY

- Sherrilyn Billger**, "The Heterogeneous Effect of the Passage of the Occupational Safety and Health Act on Stock Returns," *Journal of Labor Research*, forthcoming.
- Rajeev K. Goel**, "Economic Freedom and Political Freedom: Cross-Country Influences on Corruption," with Michael A. Nelson, *Australian Economic Papers*, 2005.
- Rajeev K. Goel**, "Tobacco Policy and Tobacco Use: Differences Across Tobacco Types, Gender and Age," with Michael A. Nelson, *Applied Economics*, 2005.
- David G. Loomis**, "Competition in Local Telecommunications—There's More Than You Think," with Christopher M. Swann, *Business Economics*, 2005.
- David G. Loomis**, "Intermodal Competition in Local Telecommunications Markets," co-authored with Christopher M. Swann, *Information Economics and Policy*, 2005.
- Hassan Mohammadi**, "Aggregate Demand Shocks and Current Account Asymmetry: Some Empirical Evidence," with James E. Payne and Naiwei Sun, *Economia Internazionale/International Economics*, 2005.
- James E. Payne**, "Measuring Volatility Persistence in the Presence of Sudden Changes in the Variance of Canadian Stock Market Returns," with Bradley T. Ewing and Farooq Malik, *Canadian Journal of Economics*, 2005.
- James E. Payne**, "Savings-Investment Dynamics in Mexico," *Journal of Policy Modeling*, 2005.
- Rati Ram**, "Foreign Direct Investment and Economic Growth in Transition Economies: A Panel Data Study," with Cristina Iliuta, *Economia Internazionale/International Economics*, 2005.
- Rati Ram**, "Income Inequality, Poverty, and Population Health: Evidence from Recent Data for the United States," *Social Science & Medicine*, 2005.
- Daniel P. Rich**, "Occupational Labor Demand and the Sources of Nonneutral Technical Change," with Wing Chan, *Oxford Bulletin of Economics and Statistics*, 2005.
- George A. Waters**, "REIT Markets: Periodically Collapsing Negative Bubbles?" with James E. Payne, *Applied Financial Economics Letters*, 2005.
- Kevin H. Zhang**, "Why So Much FDI from Hong Kong and Taiwan in Mainland China?" *China Economic Review*, 2005.
- Kevin H. Zhang**, "How Important Are Host-Country Markets for Multinational Corporations? Evidence from Cross-Country Data for 1990-2003," *Economia Internazionale/International Economics*, 2005.

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