Department of Economics

FALL NEWSLETTER **2014**

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Greetings from K-State

In the previous version of this newsletter, I mentioned that the department has set ambitious goals as K-State strives to become a top 50 public research university. Achieving these goals will improve our graduate and undergraduate education as well as increase our research output. One goal is to sharply increase the scholarship support we provide to students. It has been a lot of fun this year to see momentum continue to build as we work to increase the number of undergraduate scholarships from four to 35. Nineteen students are currently receiving these scholarships and this will grow considerably again next year. At our spring banquet, the inaugural Michael J. Greenwood Scholarship was awarded to sophomore Caitlyn Webb by Dr. Michael Greenwood (above right). The scholarship was endowed in his honor by Jim Haymaker. Greenwood was a faculty mentor to Haymaker from1967– 69 before moving to the University of Colorado-Boulder. It was great having both of them back to celebrate that connection. Check out page 3 to learn about our exciting progress in endowing graduate scholarships.

We are moving forward in implementing our 'tracks' approach to the undergraduate major and hope to have that in place by next year. This will be a nice complement to our new sophomore seminar and mentoring program. The mentoring program remains small as we get experience with how to best run it. However, early experiences have been positive. Both students and alumni are showing a lot of interest in it so I expect this to begin growing soon. Please contact us if you would like to participate. We have grown to about 180 majors now so these changes will have an impact on many students.

Our research goals are on track. You can read about some recent work on page 5. Aside from continued strong performance by current faculty, we are making progress with new hires. This year we hired Dr. Yoonjin Lee to help with econometrics. She has an excellent research record and we are very pleased to have her on board. We hope to hire three new Ph.D. economists during the spring term to begin in fall 2015. This will fill out the 'field focus' aspect of our plan and also strengthen the graduate program.

One of our goals is to keep in better touch with alumni. We have established an alumni group in LinkedIn which is growing fast and we are now on Twitter. These are great ways to reconnect with the department and keep up on the latest news. I hope you will take a moment to join the group or follow us on Twitter. There is much more going on than we can fit in a newsletter!

CONNECT WITH

K-STATE ECON

Follow us on Twitter or join our group on LinkedIn for the latest news and discussions about K-State Economics.

@kstate_econ   Kansas State University Economics

If you have questions regarding the department, feel free to contact me any time. I always enjoy hearing from alumni.

Bill Blankenau
Professor and Department Head

Joe Tiao Lecture Series features Professor John List

The Department of Economics had the pleasure of presenting Dr. John List as a speaker for the Joe Tiao Lecture Series on economic issues. List gave his talk to a packed house of more than 400 attendees. The title was "The Why Axis: Hidden Motives and the Undiscovered Economics of Everyday Life." List is a pioneer in using field experiments to get deep insights into human behavior. He has found innovative and intriguing ways to use field experiments to test economic theory, move it forward and integrate observed behavior. His talk centered around three interesting questions from his recent book. The first was "How can we shrink the racial achievement gap in one minute?" Next, he discussed "What seven words can end third degree price discrimination?" His final topic was "Why do women get paid less than men in labor markets?" In each case List described how field experiments can lead to important insights on pressing economic questions. "Dr. List has tremendous enthusiasm for using field experiments to understand human behavior. The talk was fun and packed with insights from his research," Bill Blankenau said. List currently serves as the Homer J. Livingston Professor in Economics and Chair of the Department of Economics at the University of Chicago. He also holds a position as a National Bureau of Economic Research Associate and has previously served as a Senior Economist on the President's Council of Economic Advisers.

Economics student receives Truman Scholarship

The Department of Economics is proud to announce that one of its students has received the Harry S. Truman Scholarship, which is one of the most prestigious academic awards in the country. Ross Allen, senior in economics and philosophy minoring in nonprofit leadership, received the scholarship this past spring. The Truman Scholarship is a nationally competitive award that provides as much as $30,000 for graduate study to students committed to future careers in public service. Allen, who is from Soldier, Kansas, intends to make a positive impact on the world through continued study in the field of nonprofit leadership, public policy, and ministry. "Nonprofits have the unique opportunity to go beyond merely transactional servant leadership, where an exchange of goods happens from people with resources to people in need, and engage in transformational servant leadership — where both those offering and those receiving resources collaborate and experience meaningful personal development," Allen said. Aside from being a Truman Scholar, Allen is heavily involved on campus in organizations like Student Governing Association, Student Alumni Board, Nonprofit Leadership Student Alliance, and many others.

Since the establishment of the Truman Foundation in 1977, 34 Kansas State University students have been awarded the Truman scholarship, ranking the university first among all public state-supported universities for the number of Truman scholars in the nation.

Congrats, Ross!

Economics club: 2013-2014 Prestigious speakers and more

The K-State Economics Club had another very successful academic year in 2013-2014. The club hosted a series of speakers on campus who spoke about a variety of current economic topics. The speakers included Ludek Niedermayer, former governor of Czech National Bank and newly elected member of the EU Parliament; Lloyd Thomas, professor at Kansas State; John Nelson, president of Applied Research Corp.; and Paul Attwater, first VP at Morgan Stanley, Wichita. The club also held its second annual debate featuring Steve Williamson of Washington University in St. Louis and Mark Thoma of the University of Oregon. These well-respected economists had a spirited debate about quantitative easing and the role of the Federal Reserve. About 175 interested students and faculty attended this debate. After the debate, club members, featured speakers and several faculty members attended a reception at Wahoo Fire and Ice Grill, where further economics-related discussion continued. "We had a great set of speakers this year," said Stephanie Birdsall, K-State Economics Club president. "I have been in the club for several years and our average attendance and enthusiasm was at an all-time high this year. I really liked Mr. Attwater's speech about how we can better save for the future if we pay attention to simple facts such as the Rule of 70."

Aside from inviting highly regarded speakers to campus, the club recently elected new officers for the 2014-15 leadership team: **Hannah Jones,** President; **Christa Deneault,** Vice President; **Isa Cricco,** Secretary; **Joe Dasenbrock,** Treasurer. Congratulations to the new leadership team and an overall great year for the K-State Economics Club!

Distinguished economics grad gives back to K-State, credits university as 'core' of success

By Sheila Ellis-Glasper

Duane Cantrell, a 1978 K-State economics graduate, has an impressive business track record and credits his undergraduate experience at Kansas State University as the "foundation" of his career. "It is somewhat cliché that K-State grads exemplify a 'strong work ethic', but it is cliché because it is true," Cantrell said. "I believe that one of the consistent values demonstrated and deeply ingrained in most K State grads is that work ethic and drive to do well and succeed."

Cantrell's extensive background in growing companies in tough competitive environments led him to his current role as the Kansas Bioscience Authority president and CEO. Before his role with KBA, he was a managing partner of Genus Consulting where he counseled clients on optimal performance whether they be equity fund managers in the retail sector, organizations undergoing transformational change or businesses looking to align culture, strategy and structure.

"While my career experiences and responsibilities have ranged widely across multiple disciplines and industries, at the core is my experience and education at K-State," Cantrell said. "It is the foundation that has allowed me to have the confidence to take on new challenges, experience success and be able to give back to the University and State of Kansas." Previously, and for more than 25 years, Duane worked at Payless ShoeSource, Inc., where he worked his way up to president and director, guiding a $185 million regional footwear retailer with 575 stores to an international footwear company with revenues of $3 billion with operations in more than 10 countries.

Cantrell previously served as chair of the KSU Foundation Board of Trustees, co-chaired a $500-million KSU campaign for scholarships, faculty enhancement and learning environment and served as board chair of the KSU College of Business Administration. In 2003, he was named a College of Business Administration Distinguished Alumni Fellow. Cantrell and his wife Leslee, have contributed generously to the K-State economics department.

"Duane and Leslee's generosity will have a lasting impact on individual students and on the department. These scholarships have significance well beyond the essential financial assistance," said Bill Blankenau, K-State economics department head. "They will help students stay focused on their studies and provide recognition of their achievements."

"The leadership of distinguished alumni like Duane is critical as we pursue the ambitious goals laid out in the department's K-State 2025 strategy. A key component is improved financial assistance to our undergraduate and graduate students."

"It is gratifying to see alumni reflect on their time at K-State and see investment in the department as an important way to help the next generation of students build the 'foundation' for an exciting career."

Cantrell says scholarships have always been important, but with the cost of education today, he is concerned that bright and capable young people would choose not to pursue higher education purely for reasons of cost.

"If we can provide some level of scholarship that can lessen that financial burden, then the value is multiplied in the lives of those students and in the marketplace," he said.

"Leslee and I have always felt that we have lived a blessed life and have a sense of obligation and duty to try and give back wherever we can. The education that I received at Kansas State University was the foundation for a wonderful career and we want to make sure that other young people have the same opportunities that we have enjoyed and if in some small way the scholarships can enable those students to realize their potential then we will have made some contribution to that end," Cantrell said.

The best and brightest: New graduate student scholarship

K-State alumnus Jim Haymaker has generously endowed a graduate student scholarship in the Department of Economics. With this gift, the department is on its way to achieving its goal of increased support for graduate students. "Graduate students bring to the program exceptional enthusiasm and talent that cannot be matched in any other way," said Bill Blankenau, K-State economics department head. "Economics graduate students participate fully in the mission of the department. They contribute greatly to the department while they are here and have a global reach throughout their careers. Our graduate students teach more than 1,500 undergraduate students annually and contribute to the intellectual energy of the department. We are very grateful for this gift which will allow us to recruit and support excellent graduate students."

The scholarship will have the namesake of one the department's internationally distinguished professors, Dr. Wayne Nafizger. "Wayne was one of the professors who really positively influenced my K-State experience," Haymaker said. "He gave me the special attention that K-State is known for and he helped to set me on a path to success. With this scholarship we will be able to bring the best and brightest to K-State to study economics." Blankenau added, "Wayne is a testament to the importance of what we do. To see Jim make this generous donation in Wayne's name shows the impact that higher education can have in our lives." Nafziger is a University Distinguished Professor emeritus. He is the author or coauthor of more than 15 books, including a widely-known economics textbook and has published in prominent journals. In his nearly 50 years at K-State, he has travelled the world as a researcher and teacher. This includes time as a Fulbright Professor in India and a United Nations University Research Fellow in Oxford and Helsinki.

The new graduate scholarship is part of a joint effort with the alumni council

Spring 2014 Banquet

The annual Department of Economics Awards Banquet continues to grow. Last spring we had more than 120 attendees. One reason for this growth in attendance is the number of scholarships we are able to award. Seventeen undergraduate students received scholarships. This number will be even larger in spring 2015. Six graduate students also won awards or scholarships. The evening began with recognition of Dr. Wayne Nafziger upon his retirement after nearly 50 years with the department. It was great to have his son Kevin present for the event. We also recognized Susan Koch for 30 years (and counting) of service as an excellent administrative assistant. Advisory council chair Lisa Taylor spoke of this group's activities. Dr. Michael Greenwood was on hand to award the inaugural Michael J. Greenwood Economics Scholarship after a moving introduction by Jim Haymaker. We continued a fun tradition of awarding copies of Adam Smith's *Wealth of Nations* to some of our outstanding graduating seniors. Faculty members sign the books and this is a nice memento of students' time at K-State. Hopefully they realize this is also assigned reading and have finished the book. It was great at the end of the banquet to have Mike Goss give a wonderful talk as the keynote speaker. Mike graduated from K-State in 1981 with a degree in economics. He is former chief operating officer at Bain Capital and an Alumni Fellow in the College of Arts and Sciences.

Scholarship recipients

Caitlyn Webb, Michael J. Greenwood Economics Scholarship

Joseph Dasenbrock, Craig Edwin Haymaker Family Economics Scholarship

Chase Woofter, Bradley James Haymaker Family Economics Scholarship

Nina Chilen, David and Sharon Jordening Economics Scholarship

Ross Allen, Michael and Geraldine Carlisle Scholarship in Economics

Makenzie Hrabik, Todd Ryan Haymaker Family Economics Scholarship

Yanyang (Kevin) Zou, Ross Alan Haymaker Family Economics Scholarship

Brady Armstrong, James and Kathryn Haymaker Family Economics Scholarship

Ryan Zwick, Edward Jones Economics Scholarship

Daniel Myers, Frederick and Connie Erickson Scholarship

Spencer Taylor, Frederick and Connie Erickson Scholarship

Christa Denault, Mary Lynn Staley Economics Scholarship

Cesar Luna, Douglas E. and Victoria D. Hill Economics Scholarship

Aida Cricco Doldan, Kevin Roy Armstrong Memorial Scholarship

Brittany Scheele, Duane and Leslee K. Cantrell Scholarship

Suhani Gandhi, John Delehanty Memorial Scholarship

Rebecca Jenkins, Hicks Economics Scholarship

Graduate Student Scholarships & Awards, Philip Gayle

Hedieh Shadmani, James Ragan Memorial Scholarship

Jason Walter, M. Jarvin Emerson Memorial Scholarship

Sheryll Namingit, Carroll B. Greene Memorial Scholarship

Xueqing (Karen) Yan and Quazi (Farah) Fidia Farah, John A. Nordin Memorial Scholarship

Jason Walter, Best Graduate Paper Award

Xin (Jessie) Xie and Tyson Thomas, Graduate Teaching Award

to provide scholarships for students. With generous support from alumni and friends, great strides have been made in providing undergraduate scholarships. The department has gone from four annual scholarships to 19 in the past few years and several new scholarships will be given out next year. With this excellent momentum toward its goal of 35 undergraduate scholarships, the department and council are now additionally focusing on graduate scholarships. Attracting the best graduate students is an integral part of the department' ambitious K-State 2025 goals. With scholarship support for graduate students, the department will be able to offer funding at levels making it more competitive for exceptional talent. The new goal is to have five graduate scholarships endowed at $100,000 each. With the first already established, these efforts will have an immediate impact as the department recruits graduate students for the fall semester.

Economics Club Boston trip: A success!

In April, the K-State Economics Club participated in its annual field trip. Heading to Boston, this was the most ambitious trip the club had ever experienced. K-State alum Mike Goss, former chief operating officer of Bain Capital, hosted Professor Kuester and 12 economics students during the trip. The trip was full of educational experiences, as Goss arranged talks from several of the leaders at Bain Capital. Making the visit filled with economic expertise, students heard from Jeff Hawkins, the managing director and chief operating officer of Sankaty Advisors; Matt McPherron, the managing director of Brookside Capital; and Jonathan Goodman, the managing director of Absolute Return Capital. Students also went to Wellington Management and The Baupost Group. Students also heard a macroeconomic forecast from Juhi Dhawan, senior vice president, partner and macroanalyst at Wellington.

"Meeting with Dr. Dhawan was clearly a highlight of the trip," Kuester said. "The students getting to see how macroeconomic analysis factors into risk taking behavior and different investment decisions was a fantastic application of what we teach." "The entire trip was fantastic," said Jena Terlip, economics club secretary. "But I really appreciated Mr. Goss taking so much time to visit with us. He provided many interesting insights on the 2012 presidential campaign and about his time at K-State and the Harvard Business School." Economics club vice president Joe Dasenbrock was also impressed with the trip. "We had a perfect balance of time to explore a really cool city and opportunities to hear from extremely important business leaders and lecturers," he said. "This trip was an entirely different experience. Our students were treated like VIPs and they represented themselves and the department extremely well," Kuester said.

Faculty Research Spotlight

Peri da Silva

Peri da Silva is an international trade economist and associate professor in economics. His work is published in many distinguished journals in the area of international economics. Recent work addresses an important puzzle in the trade literature. Most studies find that voters should prefer customs unions to free trade areas, yet free trade areas are more common. Dr. da Silva and his coauthors propose a political-economy of trade model which resolves the issue. They show that tariff coordination leads voters to strategically delegate power to very protectionist representatives. They show that the average voter may in fact be better off under free trade agreements than under customs unions. They also discuss the political viability of trade agreements and show the conditions under which free trade agreements are politically more palatable than customs unions. "Understanding the political environment of trade agreements is an important step in constructing better policy," da Silva said. This paper was published in the *Journal of International Economics.*

Philip Gayle

How do airline mergers affect the quality of their service? Recent work by Dr. Philip Gayle and his coauthor, seeks to answer the question. A merger may positively affect quality by allowing firms to share technical information and coordinate production activities. On the other hand, a merger reduces the competitive pressure on the firms to improve product quality. Absent competition, firms may find it profitable to eliminate some routes that consumers find convenient. Gayle finds that mergers can lead to less convenient routing in an origin-destination air travel market when the merging airlines were previously competing in this market. Otherwise, routing quality can be improved by mergers. "Without considering product quality changes, an important aspect of the consumer experience is being overlooked in merger studies," said Gayle. "This work helps give us a clearer picture of the overall effects of mergers." Gayle is a professor of economics focusing on industrial organization and has published in many prestigious journals in the field.

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Featured Graduates

Hedieh Shadmani

Hedieh Shadmani, doctoral student in economics, recently attended the Lindau Meeting of Nobel Laureates in Economics in Lindau, Germany. This highly selective meeting brings together exceptional graduate students from around the world to meet with Nobel Laureates. The meeting is an open exchange of economic expertise designed to inspire cross-cultural and intergenerational encounters among economists worldwide. "This was a wonderful opportunity to exchange ideas with the greatest minds in economics and meet other aspiring economists. It was a great privilege to hear from economists such as Christopher Sims, Peter Diamond and Finn Kydland." Hedieh was one of only 460 young economists invited to the conference. This is not the first time Hedieh has been recognized for her strong performance in the graduate program. She has received the James Ragan Memorial Scholarship, the Carroll B. Greene Award and the John A. Nordin Memorial Scholarship. Hedieh does research in macroeconomics under the guidance of Dr. Steve Cassou.

Huubinh (Ben) Le

Huubinh (Ben) Le, doctoral graduate in economics, recently won the Robert F. Lanzillotti Prize with Dr. Philip Gayle for the best paper in antitrust economics at the International Industrial Organization Conference. His research explores the airline industry with a focus on airline mergers and codesharing alliances. A codesharing alliance is a form of cooperative agreement between airlines that allows each carrier to sell travel tickets for seats on its partner's plane as if the plane is owned by the carrier selling the tickets. Effectively, the consumer purchases a single travel ticket for an entire trip from one airline, but travels on a plane owned by another airline for some portion of the trip. Ben's research addresses how airline codesharing alliances and mergers affect various components of the merging firm's costs. Le graduated from K-State in May with a doctorate in economics. He began his new appointment as assistant professor at University of South Alabama this fall. He credits his success to his broad teaching experience as a graduate student at K-State and his research mentor, Dr. Philip Gayle.