Chair’s Comments

Introducing the Faculty in the Department of Economics

This letter is aimed at outsiders who are not familiar with the faculty in the Economics Department. The Department currently consists of 12 faculty members whose interests range from economic theory to applied work in a number of fields. I hope this brief introduction to our faculty will be useful to students interested in becoming Economics majors, to alumni who want to keep in touch with the ongoing work in the Department, and to anyone else who is interested in knowing what we are all about. Further information about our faculty can be found on the Department website at http://www.econ.wayne.edu.

Basma Bekdache is an Assistant Professor specializing in Monetary Economics. She received her Ph.D. from Boston College in 1994. Her most recent publications include articles in the Journal of Applied Econometrics, the Journal of Computational Economics, and the Journal of Forecasting. Her current research includes work on interest rate determination as well as work on the term structure of interest rates.


Sheng-Kai Chang is an Assistant Professor specializing in Econometrics. He received his Ph.D. from the University of Wisconsin in 2002 and joined the Department this year. His current research areas include simulation-based inference, panel data models, censored regression models, and GMM estimation and asset pricing.

Kevin Cotter is an Associate Professor specializing in Microeconomic Theory. He received his Ph.D. from the University of Minnesota in 1984. He has written a number of papers in the field of microeconomic theory, including several in the area of game theory. His recent publications include papers in Economic Theory, the Journal of Risk and Insurance, and the Review of International Economics.

His current research is in the areas of dynamic programming (with Jee-Hyung Park) and Medigap insurance (with Gail Jensen).

Allen Goodman is a Professor specializing in Health Economics and Urban Economics and has written extensively in both fields. He received his Ph.D. from Yale University in 1976. He has published recently in the Journal of Housing Economics, Journal of Urban Economics, Medical Care Research and Review, and Southern Economic Journal. Professor Goodman also serves on the editorial boards of the Journal of Housing Research and Real Estate Economics. His recent research includes work on alcoholism and substance abuse.

Tomomi Kumagai is an Assistant Professor specializing in Econometrics. She received her Ph.D. from the Massachusetts Institute of Technology in 2001 and joined the Department last year. Her research interests are econometrics and finance, and she is currently working in the area of stock markets and contagion.

Li Way Lee is a Professor specializing in Industrial Organization. He received his Ph.D. from Co-

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PUBLICATIONS


PRESENTATIONS


GRADUATE STUDENT JOB MARKET UPDATE

Monica Cain (PhD 2002) received a tenure-track appointment at Brevard College in North Carolina.

Fazlul Miah (PhD 2001) received a tenure-track appointment at Fayetteville State University in North Carolina.

Salah Nusair (PhD 2001) received a faculty position at Al-Zaytoonah University in Jordan.


DOCTORAL DEFENSES


SCHOLARSHIP AWARDS

Anne Cramer, Mendelson Fund Award, $1,500.

Jeremy Landa, Scholarship for Majors, $500.

David Linehan, Scholarship for Majors, $500.

Daniel Turse, Scholarship for Majors, $500.

Xiao Xu, Levin Economics Award, $1,000.

RESEARCH PROJECTS

2002 Nobel Prize in Economics

by Jay H. Lerner

On October 9 the Nobel Prize in Economics was awarded to Daniel Kahneman, Professor of Psychology and Professor of Public Affairs at Princeton University, and Vernon L. Smith, Professor of Economics and law at George Mason University in Virginia. The Nobel Prize committee stated that "a growing body of research is devoted to modifying and testing basic economic assumptions. Economic Research relies increasingly on data collected in the lab rather than in the field. This research has its roots in two distinct, but currently converging areas: the analysis of human judgment and decision-making by cognitive psychologists, and the empirical testing of predictions from economic theory by experimental economists. This year's laureates are the pioneers in these two research areas."

Daniel Kahneman was specifically cited for having integrated insights from psychological research into economic science, especially concerning human judgment and decision-making under uncertainty. Kahneman's main findings concern decision-making under uncertainty, where he has demonstrated how human decisions may systematically depart from those predicted by standard economic theory. Kahneman has also discovered how human judgment may take shortcuts that systematically depart from basic principles of probability. His work has inspired a new generation of researchers in economics and finance to enrich economic theory using insights from cognitive psychology into intrinsic human motivation.

Vernon Smith was cited for having laid the foundation for the field of experimental economics. He has developed an array of experimental methods, setting standards for what constitutes a reliable laboratory experiment in economics. In his own experimental work, he has demonstrated the importance of alternative market institutions, e.g., how the revenue expected by a seller depends on the choice of auction method. Smith has also spearheaded "wind-tunnel tests", where trials of new, alternative market designs — e.g., when deregulating electricity markets — are carried out in the lab before being implemented in practice. His work has been instrumental in establishing experiments as an essential tool in empirical economic analysis.

New labor economics course

This winter 2003 semester we are introducing a new course titled Labor Economics — ECO 5400. The purpose of this four credits course, which is intended for undergraduate students, is to analyze labor markets with price theory.

The material covered will focus on the determinants of earnings and methods of compensation, labor supply and demand, the effects of taxes and subsidies on labor supply, the choices of occupation and level of schooling, promotion and turnover, employment discrimination, the economics of crime and punishment, and regulation of professions.

A visit from the stork

Congratulations to Baama Bekdache (Asst Prof) and her husband, Fadi, on the birth of their second child, a boy named Rami, born December 4, 2001.

Julie Hunsaker (former Asst Prof) and her husband, Paul Seiler, had their second daughter, Claudia-Ruth. Claudia-Ruth was born July 26 weighing 8 lbs. 15 oz.

Ira T. Kay (PhD 1975) and his wife, Carol Rosenbloom, had twin boys, William and Jacob, on July 30.

This past July, Rubin Luniku (GTA) and his wife welcomed their first child, a baby girl named Falone.

New JD—MA Program for Economics and Law School

by Stephen J. Spear

This is the first year of the JD—MA Program at Wayne State University. This program, which leads to a degree conferred jointly by the Department of Economics and the Law School, was established following approval of the program by the University's Board of Governors on June 20, 2001.

The basic justification for this program, and the reason why it was established, is the steadily increasing influence of economic analysis on the law - through its effect on legal scholarship and on judicial decisions. Under the economic approach, legal rules are measured against the standard of efficiency. Individuals are assumed to be rational and to respond to incentives. Economics is assumed to apply to the full range of human behavior, including crime, sexual behavior, marriage, and interaction among family members.

Evidence of the growing influence of economics on the law is not hard to find. A course in law and economics is now part of the standard curriculum of the leading law schools. Joint programs for a combined JD and MA, or a JD and PhD, have been established at virtually every Carnegie Research University I Institution that has a law school. In addition, Centers for the Study of Law and Economics have been established at Yale, Chicago, Columbia, Emory, George Mason, Harvard, Berkeley, Northwestern, Miami, Virginia, Duke, Stanford and other universities.

Now in virtually any classroom in the top 80 law schools, the discussion may be laced with terms like risk aversion, efficiency, opportunity cost, moral hazard, rent-seeking behavior, economies of scale, and the like. Almost any recent issue of a major law journal will include articles employing economic analysis, often including diagrams and a formal mathematical model. The use of rigorous econometric and statistical methods is now routine in the top twenty law journals. There are a number of textbooks, the most well-known of which are Posner's Economic Analysis of Law (Boston: Little, Brown, 3rd ed. 1986) An Introduction to Law and Economics by A. Mitchell Polinsky, (Boston: Little, Brown, 1983), and Law and Economics by Robert Cooter and Thomas Ulen (Reading, Mass.: Addison-Wesley, 1997). A recent study that measured the influence of the economic approach by the frequency of use of economic terms in law review articles, found that the influence of economics has continued to grow steadily.

In 1991, The American Law and Economics Association was founded to coordinate research efforts in the economic analysis of law. This association now has approximately 1,000 members.

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**Donor Report**

$9,000
Paul J. Ruby (Frank A. Campini Foundation).

$500 to $250
Christopher and Susan Birosak, and Michael Stamper.

$249 to $100
Jonathan Eusey, Stanley and Miriam Friedman, General Motors Foundation, David Kamon, Keehn Funeral Home, Edward Laska, Robert Lippens, and Nora Wujcik.

**Happy Holidays!!!**

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Lumbia University in 1976. He is just returning to the Department after many years of service in the Administration. However, his past publications include articles in the American Economic Review, Economic Inquiry, Journal of Political Economy, and Southern Economic Journal.

Jay Levin is a Professor and Chair of the Department. He received his Ph.D. from the University of Michigan in 1968. He has written extensively in the field of International Finance. His recent publications include a book, A Guide to the Euro (Houghton Mifflin Company, 2002), and several papers in the International Journal of Finance and Economics. Professor Levin also is a member of the Editorial Council of the Review of International Economics. His recent research deals with inflation targeting in an open economy and asymmetric shocks in monetary unions.

Jee-Hyung Park is an Assistant Professor specializing in International Trade. He received his Ph.D. from the University of Wisconsin in 1996. He has published papers in the Canadian Journal of Economics, the Journal of International Economics, and the Review of Economics. He is currently working in the areas of dumping, international trade agreements, and an economic and legal analysis of the boundaries of nurse anesthetists (with Stephen Spurr).

Robert Rossana is a Professor specializing in Macroeconomics. He received his Ph.D. from Johns Hopkins University in 1980. He has written extensively in this field, including papers on inventories and the estimation of time series models. His most recent publications include articles in the Journal of Business and Economic Statistics and the Journal of Monetary Economics. Professor Rossana also serves on the editorial board of the Journal of Business and Economic Statistics. His recent research includes work on the LeChatelier Principle.

Stephan Spurr is a Professor specializing in Labor Economics and Law and Economics and has written numerous papers in these fields. He received his Ph.D. from the University of Chicago in 1986. He has published recently in the International Review of Law and Economics, Journal of Economic Behavior and Organization, and Quarterly Review of Economics and Finance. His current research includes work on AIDS and the market for nurses and a paper on pretrial mediation (with Ram Orzach). He is also writing a textbook on law and economics.

Emiko Usui is an Assistant Professor specializing in Labor Economics. She joined the Department this year and will be receiving her Ph.D. from Northwestern University in December. Her current research is in the area of gender occupational segregation.

We are proud of our faculty and their accomplishments, and we especially look forward to the success of our new junior faculty.

Jay H. Levin

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New Department Members

Assistant Professor, Tenure-Track:
Sheng-Kai Chang — U. of Wisconsin
Emiko Usui — Northwestern University
Graduate Teaching Assistants:
Omar Abdelrahman
Jin Luo
Krishna Sharma
Ninie Yang
Jian Zhang

Liberal Arts Fellow: Bo Shi
Rumble Fellow: Till Kuhr
DAAD Master Students:
Bjoern Baltzer
Florian Fuhrmann
Tina Kleehaupt
Kristine Langenbucher
Thomas Riepfe.

Student Assistant: Allison Glenn

There is a large and rapidly growing demand for economic analysis by lawyers and law firms, many of whom now have cases pending before judges known to be receptive to economic analysis of law. With respect to the federal courts, this group includes Judges Richard Posner and Frank Easterbrook of the Seventh Circuit, Guido Calabresi and Ralph Winter of the Second Circuit, Alex Kozinski of the Ninth Circuit, Douglas Ginsburg, and Stephen Williams of the DC Circuit, the Supreme Court Justices Stephen Breyer and Antonin Scalia, and many others. It seems certain that the role of economic analysis in the study of law and the formation of public policy will continue to grow in the future.