

Department of Economics Annual Report

Calendar Year 2009

PART I – EXECUTIVE SUMMARY

Department Head Summary

We continued to make significant contributions to all three missions of the University. Yet we remain much too small to achieve the level of excellence that we desire and that should be expected of us at a major land-grant research university. For example, following the nation-wide trend, Economics has become an increasingly popular major at Virginia Tech. About 90 students are graduating each year, with graduates from the College of Science (74 in Spring 2010, up from 56) and College of Business (20 in Spring 2010, down from 30). Total enrollment figures are 482, with 364 in the College of Science and 118 in the College of Business. We struggle to provide enough electives to our undergraduates and are hardly able to offer them adequate choices in elective topics. Moreover, we can only offer a limited choice of field courses to our Ph.D. students. Our small size has resulted from the loss of key faculty over the past few years without adequate replacements. It remains critical to restore and develop a healthy Economics Department. The department aspires to regain its national visibility and reach a productivity level that will strongly support a comprehensive university such as Virginia Tech. We are encouraged with our recruiting success in recent years, which constitutes an important first step in enabling the department to regain its strength. The most critical priority for the coming years: **Recruitment of new faculty members to enhance our potential in teaching, scholarship, and leadership. It becomes increasingly imperative to halt and reverse the erosion of senior faculty ranks.**

Investment in new faculty members is particularly critical if the Department is going to be able to take advantage of the opportunities being created by the Carillion Medical School.

Research/Scholarship. Many of the 2009 scholarly publications are again in excellent journals. We have a fair number of manuscripts submitted for review and a sizeable number of working papers. So despite our small size and substantial teaching commitments, the faculty are working hard and being professionally productive. Drs. Ge, Haller, Salehi, and Tideman all have international interest and involvement. Network related research has been a particular focus.

Graduate and Undergraduate Education. The one Ph.D. completed in 2007 was clearly disappointing. We had three Ph.D.s completed both in 2008 and 2009, and expect at least as many in 2010. Again because of our small size, we are limited in the number of faculty mentors for our graduate students. Adding new Assistant Professors will not alleviate this problem any time soon.

As to be expected, the decrease in faculty members is also limiting our undergraduate teaching effort. The number of elective classes offered is barely sufficient to allow students to graduate and we are no longer able to teach major subject areas in economics in enough depth to produce a high quality undergraduate learning experience. We used to offer specializations within the major so, for example, a student interested in international trade could take a collection of courses in that area. Unfortunately, we no longer have sufficient faculty resources to serve student interests – instead we make choices with the objective of creating enough seats in electives so that seniors planning to graduate on that semester can graduate on time. We were able to restore enrollment numbers in these courses by offering extremely large classes, which will not always be possible and does not compensate for limited topic choices. Despite the predominant concern of staffing classes, we keep improving the quality of instruction, developing new courses, and adopting new technology. Younger instructors increasingly use PowerPoint, Blackboard or Scholar, electronic homework assignments and other means. Dr. Salehi has worked on using the clicker device in large Principles classes, as did Dr. Trost. Dr. Ball continued research on the WITS system

Outreach. We are excited that Dr. Salehi received the 2010 College of Science Award for Outreach. His work with the Middle East Youth Initiative combines elements of research, outreach and policy advice. That initiative aims to address the fact that the countries of the Middle East share high unemployment rates among their youth and extremely long waiting times for permanent jobs, despite huge differences in economic prosperity. Further, while the gender gap in education has narrowed drastically in many countries, the gender gap in employment and wages has not been significantly reduced.

Facilities Changes. During 2008 we made the decision to move the Laboratory for the Study of Human Thought and Action (LSHTA) from an off campus location into Derring Hall. By the end of 2008 the renovations to the new space had been completed and the move took place in February 2009. This move will save the department money in the long run.

FACULTY

1. Full-Time Faculty for Calendar Year 2009

Professors:	Richard Ashley, Robert Gilles (resigned Spring 2009), Hans Haller, Amoz Kats, Djavad Salehi-Isfahani (On Leave AY 2009), Aris Spanos, Nicolaus Tideman, Dennis Yang (On Leave AY 2009, resigned Spring 2009).
Associate Professors:	Sheryl Ball, Richard Cothren.
Assistant Professors:	Eric Bahel (hired Fall 2009), Suqin Ge, Joao Macieira, Kwok Ping Tsang, Zhou Yang

Instructors: Spring 2009: Earl Davis, Gebremeskel Gebremariam, Dongryul Lee, Ravishekhar Radhakrishnan, Steven Trost
Summer 2009: Shahram Amini Moghadam, Hengheng Chen, Gebremeskel Gebremariam, Ellen Green, Paul Hallmann, Shaojuan Liao, Ravishekhar Radhakrishnan
Fall 2009: Hengheng Chen, Gebremeskel Gebremariam, Ellen Green, Paul Hallmann, Dongryul Lee, Ravishekhar Radhakrishnan, Atanu Rakshit, Steven Trost

Visiting Professors: Steve Scroggin (AY 2009)

2. Full-Time Faculty on Leave in 2009

Djavad Salehi-Isfahani was on study leave during Fall 2009.

Dennis Yang was on unpaid leave during Spring 2009.

PART 2: ACADEMIC ACCOMPLISHMENTS

I. LEARNING

UNDERGRADUATE PROGRAM

The major challenge in the undergraduate program was again finding ways to meet the demand for seats in our Principles of Economics (Econ 2005-2006) sequence. Once again, we resorted to an *ad hoc* method to meet the demand, using 5th year doctoral students as instructors along with a visiting professor (Steven Scroggin), a temporary instructor (Dongryul Lee), and two full time instructors (Gebremeskel Gebremariam, Steven Trost). Professor Richard Cothren and Djavad Salehi the faculty presence in the sequence, each teaching a very large section.

These efforts are not a permanent solution to the staffing problem. In particular, we would like to rely less on our advanced graduate students. While the students appreciate the greater financial support that comes with a lecturer position and teaching experience is a marketable attribute, extensive teaching slows their progress to degree. As a result many need university support for an additional year which limits our efficiency in using available graduate student support – we are forced to limit the incoming class in order to support the advanced students. Another difficulty is that we are not able to ask students teaching one course one semester to invest in teaching improvements like using clickers. Learning the basics of teaching their first course independently and managing 150 students while continuing their own research is a significant amount of work and often the human capital they develop in using, clickers, for example, would not transfer to their post degree jobs. A stable pool of full time

instructors would thus improve the quality of education for undergraduate and graduate students alike. It would also save considerable faculty time currently invested in hiring and training a new cadre of instructors every year, and then dealing with the administrative difficulties caused by the mistakes that new instructors invariably make.

The addition of Joao Macieira, Zhou Yang, and Kwok Ping Tsang in previous years and of Eric Bahel last fall has been helpful with our undergraduate elective options but has not alleviated the issues of staffing our Principles courses. Several of our GTAs who have shouldered considerable teaching loads will no longer be available. Retention efforts regarding Steven Trost have been successful. Continued funding for Dr. Trost and Gebremeskel Gebremariam helps postpone a severe staffing crises for another year.

Department faculty made again extensive revisions to existing course offerings last year. Electronic teaching aids are increasingly incorporated. Steve Trost's participation in faculty development workshops deserves special mention. Only one student was involved in formal undergraduate research this year, a decrease of 90% from last year. In part this is a result of strains being put on the faculty to create seats in courses.

Another major concern related to our undergraduate project caused by the staffing problem is our inability to staff the position of Director of Undergraduate Studies. While Chris LaPlante does an excellent job of advising, our best efforts to develop and implement assessment tool to measure student learning outcomes and then use these results to design and implement curricular reform requires faculty time and effort. Without faculty leadership in this area we are concerned that our program will not be able to keep up with the changes in undergraduate education required by the University as well as our stakeholders.

An itemized list of accomplishments follows, including information on undergraduate program enrollments.

1. Curriculum Development

Richard Cothren

- Developed new course in the fall semester of 2008. This course was first offered as Econ 4984 and is a course in advanced macroeconomics, focusing on the history and theory of monetary policy. As there is no suitable undergraduate textbook for the material covered, the lecture materials are from Dr. Cothren's own notes and are supplemented with outside readings. In an effort to present some rather sophisticated material to undergraduates, he modified and rewrote his lectures in the spring 2009 (some fine-tuning, so to speak). The material was also updated to include an overview of the financial crisis of 2008 and to exclude material that "did not work" in the fall semester.

Suqin Ge

- Econ 4074 (Undergraduate Labor Economics) This is an undergraduate level field course in labor economics. It studies one of the most important and complex markets in the economy: the labor market. The course emphasizes both theoretical and empirical analysis of the labor market. It emphasizes both the empirical tools to analyze data and the formal models to understand and explain the labor market. Since studying labor economics necessarily involves examination of labor market data, course development continues to find ways to integrate the student's training in data analysis with this course.

Nicolaus Tideman

- Econ 3014: Economics of Poverty – After several years of not being taught, this course was resurrected for Spring 2009. Dr. Tideman developed a format that involved extensive information search by students and extensive class discussion. Students were quite pleased with the course, though Dr. Tideman wished it were more analytical.

Steve Trost

- This year Dr. Trost tried to focus more on topics that are both interesting and useful for the majority of the students (non-majors) while still offering potential majors the rigor that will serve them well in later courses.

2. Undergraduate Research

- Only one student participated in undergraduate research, a significant departure from our past performance.

3. Technology

Sheryl Ball

- Developing the Classroom Experiments module for the Science Education Resource Center hosted at Carleton College. <http://serc.carleton.edu/index.html> The site contains information for science teachers interested in conducting classroom experiments and has examples as well as information on teaching effectiveness and assessment. The site is not “live” at this moment but should be before July 1, 2010.
- Dr. Ball is also continuing to develop the WITS wireless teaching system and is working to incorporate it into ECON 3104, Microeconomic Theory. This is the most difficult course in the economics major, as well as the one with the lowest success rate, so it is a critical area for instructional development.

Steve Trost

- Continued use of the iclicker technology as a prominent way of having students participate in large, 500-student courses.
- Continued to implement expanded use of online resources during lectures.
- Shared knowledge of iclicker technology with graduate student instructors to help them in their own teaching.

4. Student Enrollment

Tables 1 and 2 present information on class enrollments for the past six years. Table 1 shows weighted student credit hours (WSCH) calendar years 2004 – 2009 which include Spring, Summer, and Fall semesters. Table 2 shows condensed information on student headcounts for calendar years 2004 - 2009, which include Spring, Summer, and Fall semesters.

Table 1. Weighted Student Credit Hours: Calendar Year Totals

	2004 ¹	2005 ²	2006 ³	2007 ⁴	2008 ⁵	2009 ⁶
Total	23,276	21,586	21,432	24,411	26,315	24,109.86

Table 2. Calendar Year Enrollments

	2004 ⁷	2005 ⁸	2006 ⁹	2007 ¹⁰	2008 ¹¹	2009 ¹²
Principles (# sections)	4,405 (28)	3,905 (27)	3928 (30)	4,757 (29)	4,717 (31)	4,567 (31)
3000 - level (# sections)	753 (27)	582 (19)	640 (22)	673 (20)	853 (22)	783 (21)
4000 - level (# sections)	474 (20)	521 (27)	364 (15)	794 (18)	467 (14)	452 (15)
Graduate (# sections)	238 (38)	279 (24)	258 (25)	255 (23)	289 (24)	221 (23)

¹ *Ibid.*, Spring 2004 + Summer I and Summer II 2004 + Fall 2004. Student Credit Hours and Weighted Student Credit Hours by College and Department Receiving Credit, prepared by the Department of Institutional Research and Planning Analysis. Report may be viewed at the following URL:

https://secure.hosting.vt.edu/www.irpa.vt.edu/VT_Stats/IR%20Customers%202/Credit%20Hours,%20Class%20Sections%20and%20Grades/Credit%20Hours/Credit_HR_SCH/current/SCH%20and%20WSCH%20by%20DRC%20SCI.htm.

² *Ibid.*, Spring 2005 + Summer I and Summer II 2005 + Fall 2005.

³ *Ibid.*, Spring 2006 + Summer I and Summer II 2006 + Fall 2006.

⁴ Spring 2007 + Summer I & Summer II 2007 + Fall 2007 Dept. Receiving Credit Teaching Load Report

⁵ Spring 2008 + Summer I & Summer II 2008 + Fall 2008 Dept. Receiving Credit Teaching Load Report

⁶ Spring 2009 + Summer I & Summer II 2009 + Fall 2009 Dept. Receiving Credit Teaching Load Report

⁷ *Ibid.*, Spring 2004 + Summer I and Summer II 2004 + Fall 2004.

⁸ *Ibid.*, Spring 2005 + Summer I and Summer II 2005 + Fall 2005.

⁹ *Ibid.*, Spring 2006 + Summer I and Summer II 2006 + Fall 2006.

¹⁰ Spring 2007 + Summer I & Summer II 2007 + Fall 2007 Dept. Receiving Credit Teaching Load Report.

¹¹ Spring 2008 + Summer I & Summer II 2008 + Fall 2008 Dept. Receiving Credit Teaching Load Report

¹² Spring 2009 + Summer I & Summer II 2009 + Fall 2009 Dept. Receiving Credit Teaching Load Report

GRADUATE PROGRAM

In the Spring 2009, the department had a total of twenty-three graduate students enrolled in the Ph.D. program, twenty-two with assistantships and one without. The class breakdown was seven first-year students, six second-year students, five third-year students, and five students in their fourth or later years.

In Fall 2009, the department had a total of twenty-four graduate students enrolled in the Ph.D. program, twenty-three with assistantships and one without. The class breakdown was four first-year students, six second-year students, six third-year students, and eight students in their fourth or later years.

In addition to these students, who were all enrolled through the Department of Economics, the Department of Agricultural and Applied Economics (AAEC) had approximately nineteen students enrolled in the Ph.D. program.

1. Graduate Enrollment

Recent course enrollments are reported in Section II with the undergraduate data.

2. Graduate Degrees Awarded

The department had three Doctoral Degree awarded in Spring 2009 to Hojjatallah Ghandi, Dongryul Lee, and Zhengzheng Pan. Additionally, the department awarded 1 Masters Degrees in 2009.

3. Curriculum Changes and Program Development

Sheryl Ball

- Econ 5964 (Experimental Economics) There has been substantial course redesign in this course. The field has changed substantially in the last 5 years and the topics no longer reflected current research in the field. Approximately 1/3 of the course topics were changed. In addition the pedagogical focus of the course has changed because of the way it is being used in the graduate program. In addition to serving as a “research methods” course in experimental economics the course also shows students how to develop a research agenda and think critically about others’ research.

Suqin Ge

- Econ 6104 (Labor Economics) Revised the course by incorporating some of her latest research in teaching including a topic on wage inequality in international perspective and a topic on the estimation of hedonic models. She also guided students to write a referee report, which helped them read articles with more critical views.

Joao Macieira

- Revised Econ 6404: Topics in Econometrics and Micro Theory were considered in lieu of items such as Advertising and Price Discrimination. The new topics aimed at familiarizing students with analytic tools of general interest while filling in instructional gaps left unattended from core graduate courses.

Aris Spanos

- **New Course:** Econ 5984: Philosophy of Statistical Inference, Experiment, and Modeling: This new course, was taught jointly with D. Mayo (Philosophy) and its primary objective was to provide an introductory, in-depth, graduate seminar interrelating problems of philosophy of science, statistics, and empirical modeling. It combined relevant work by philosophers of science, statisticians, and methodologists of social science, and central historical exchanges and debates between them. The course covered several crucial problems in philosophy of empirical modeling including the problems of induction, falsification, and confirmation, and then explored philosophical dimensions of widely used research tools of statistical analysis, modeling, and inference –and controversies surrounding them. It also examined a cluster of principles underlying rival philosophies of inference, and trace out their relevance to key methodological problems in practice.

Zhou Yang

- Revised Econ 5984 (Advanced IO): This course was significantly revised compared to its original version (taught in Spring 2008). Goals were as follows:
 - At the heart of IO is the following question: What determines the market structure (i.e., the number and size distribution of firms in the market)? The whole course now is centered on this fundamental question. To answer this question, the course now covers such topics as: product differentiation (especially the discrete choice approach), entry processes, and industry dynamics (concerned with the evolution of market structure over time.) For each topic, we discuss both the theoretical models and the associated structural econometric models.
 - The course was modified to fill in the gaps in students' background knowledge. For example, in order to help students be better prepared to study dynamic models, the course now covers recursive methods.

4. Graduate Student Job Placement

Of the three doctoral students that earned a Ph.D. during 2009, Hojjatallah Ghandi continued to work at Washington & Lee University in Lexington, VA where he was hired during 2006, Dongryul Lee remained at Virginia Tech as an Economics instructor and Zhengzheng Pan took a post-doc research position at the Virginia Bioinformatics Institute at Virginia Tech. Additionally, one of our enrolled Graduate Students continued a temporary visiting position at William and Mary University in Williamsburg, VA that began in 2007 and a second enrolled Graduate Student continued a temporary visiting position at East Tennessee State University in Kingsport, TN.

II. DISCOVERY

This year, department faculty published 24 articles in peer-reviewed journals. Sixteen articles were accepted for future publication in peer-reviewed journals. One faculty member had a book published in 2009.

Three members of the faculty continued to work on previous grants. Faculty gave 55 presentations at conferences and invited seminar talks at other institutions.

FACULTY PUBLICATIONS

1. Papers Published in Peer-Reviewed Journals during the 2009 Calendar Year

Gebremariam, Gebremeskel H., Tesfa G. Gebremedhin, and Peter V. Schaeffer, (2010), “An Analysis of County Employment and Income Growth Appalachia: A Spatial Simultaneous-Equations Approach,” *Empirical Economics*, **38**: 23-45.

Gebremariam, Gebremeskel H., Tesfa G. Gebremedhin, and Peter V. Schaeffer, (in press), “Modeling Employment, Income, and Migration in Appalachia,” A Spatial Simultaneous Equations Approach,” *Journal of Regional Science*.

Eckstein, Z., **Ge, S.**, and Petrongolo, B., “Job and Wage Mobility with Minimum Wages and Imperfect Compliance,” forthcoming, *Journal of Applied Econometrics*.

Ge, S., and Yang, F., “Accounting for the Gender Gap in College Attainment,” forthcoming, *Economic Inquiry*.

Gersbach, H., **Haller, H.** (2009), “The Affectionate Society: Does Competition for Partners Promote Friendliness?”, *Economic Theory*, 40, 389-403.

Gersbach, H., **Haller, H.**, (2009), “Bargaining Power and Equilibrium Consumption”, *Social Choice and Welfare*, 33, 665-690.

Chakrabarti, S., **Haller, H.**, “An Analysis of Advertising Wars,” forthcoming in *Manchester School*.

Haller, H., “Substitution and Income Effects”, to appear in M. Blaug and P.J. Lloyd (eds.), *Famous Figures and Diagrams in Economics*, Edward Elgar Publishing, Cheltenham. (solicited contribution)

Djavad Salehi-Isfahani, “Poverty, Inequality, and Populist Politics in Iran,” *Journal of Economic Inequality*, 7(1): 5-24, March 2009 (Accepted in 2008).

Djavad Salehi-Isfahani, Insan Tunali, and Ragui Assaad, “A comparative study of returns to education of urban men in Egypt, Iran, and Turkey,” *Middle East Development Journal*, 1(2), 145-187, December 2009.

Djavad Salehi-Isfahani and Daniel Egel, “Beyond Statism: Toward a New Social Contract for Iranian Youth,” in *Waiting: The Unfulfilled Promise of Young People in the Middle East*, Navtej Dhillon and Tarik Yousef (eds.). Brookings Institution Press, 2009.

Djavad Salehi-Isfahani and Navtej Dhillon, “Looking Ahead: Making Markets and Institutions Work for Young People,” in *Waiting: The Unfulfilled Promise of Young People in the Middle East*, Navtej Dhillon and Tarik Yousef (eds.). Brookings Institution Press, 2009.

Djavad Salehi-Isfahani, “The Revolution and the rural poor,” *Radical History Review*, issue 105 (summer 2009), pp. 139-144.

Djavad Salehi-Isfahani, “Oil Wealth and Economic Growth in Iran,” in *Contemporary Iran*, A. Gheisari (ed.), Oxford, UK: Oxford University Press, 2009.

Djavad Salehi-Isfahani, “Trouble in Tehran” *Foreign Policy*, July/August 2009, p. 85.

Djavad Salehi-Isfahani, “Poverty and inequality since the Revolution,” in *The Iranian Revolution at 30*, Middle East Institute, Washington DC 2009.

Djavad Salehi-Isfahani, “Iran’s contested election: Populism and youth power,” *Virginia Tech Research*, winter 2010, pp. 7-11.

Spanos, A. (2009), “Statistical Misspecification and the Reliability of Inference: the simple t-test in the presence of Markov dependence,” *The Korean Economic Review*, **25**, 165-213. NEW

Spanos, A. (2009), “Error in Economics: Towards a more Evidence-Based Methodology” *Economics and Philosophy*, **25**, 206-211. NEW

Spanos, A. and A. McGuirk (2009), “Revisiting Error-Autocorrelation Correction: Common Factor Restrictions and Granger Non-Causality,” *Oxford Bulletin of Economics and Statistics*, **71**, pp. 273-294.

Spanos, A. (2009), “The Pre-Eminence of Theory versus the European CVAR Perspective in Macroeconometric Modeling,” *Economics: The Open-Access, Open-Assessment E-Journal*, Vol. 3, 2009-10. <http://www.economics-ejournal.org/economics/journalarticles/2009-10>. Special issue on “Using Econometrics for Assessing Economic Models”

Tideman, N., “The Case for Geoliberalism: A Reply to Moellendorf,” *International Journal of Social Economics*, **36** (2009), pp. 489-506.

Tideman, N., Review of *Mathematics and Democracy: Designing Better Voting and Fair-Division Procedures*, by Steven J. Brams *Public Choice* **141** (2009), 269-71.

Tsang, K.P. “Independence Giving or Autonomy Taking? Childhood Predictors of Decision-Making Patterns Between Young Adolescents and Parents” (with Shelly Lundberg (UW) and Jennifer Romich (UW)), *Journal of Research on Adolescence*, Volume 19, Issue 4, p. 587-600.

2. Papers Accepted at Peer-Reviewed Journals during the 2009 Calendar Year

Ashley, R., S. Ball and C. Eckel (Newly accepted in 2009.) “Motives for Giving: A Re-Analysis of Two Classic Public Goods Experiments” *Southern Economic Journal*
url: http://ashleymac.econ.vt.edu/working_papers/E2004_1.pdf.

Ashley, R., and D.M. Patterson. (Should appear in 2010; acceptance on earlier FAR). “‘Long Memory’ Versus Fractional Integration in a Time Series: Implications for Modeling.” *Macroeconomic Dynamics*. url: http://ashleymac.econ.vt.edu/working_papers/long_memory.pdf.

Ashley, R., and D.M. Patterson. (Should appear in 2010; acceptance on earlier FAR). “A Test of the GARCH(1,1) Specification for Daily Stock Returns.” *Macroeconomic Dynamics*. url: http://ashleymac.econ.vt.edu/working_papers/NLInsight_GARCH.pdf

Gebremariam, Gebremeskel H., Tesfa G. Gebremedhin, Peter V. Schaeffer, Randall W. Jackson, and Tim T. Phipps, (accepted/forthcoming), “A Spatial Model of Regional Variations in Employment Growth in Appalachia,” *Regions et Développement*.

Haller, H., and Lagunoff, R., “Markov Perfect Equilibria in Repeated Asynchronous Choice Games”, forthcoming in *Journal of Mathematical Economics*.

Gersbach, H., **Haller, H.**, “Competitive Markets, Collective Decisions and Group Formation,” forthcoming in *Journal of Economic Theory*.

Djavad Salehi-Isfahani and Marenglen Marku, “Reversal of fortunes: lifetime earnings and consumption in Iran,” *Economic Development and Cultural Change*, forthcoming.

Spanos, A., J. Bergtold and E. Onukwugha (2010), “Bernoulli Regression Models: Revisiting the Specification of Statistical Models with Binary Dependent Variables,” (32 pages) forthcoming in the *Journal of Choice Modelling*, 2010. NEW

Spanos, A. (2010), “The Discovery of Argon: A Case for Learning from Data?” forthcoming in *Philosophy of Science*, 2010. NEW

Spanos, A. (2010), “Is Frequentist Testing Vulnerable to the Base-Rate Fallacy?” forthcoming in *Philosophy of Science*, 2010. NEW

Spanos, A. (2010), “Statistical Adequacy and the Trustworthiness of Empirical Evidence: Statistical vs. Substantive Information,” (38 pages) forthcoming in *Economic Modelling*. NEW

Spanos, A. (2010), “Akaike-type Information Criteria and the Reliability of Inference: Statistical Model Specification vs. Model Selection,” (41 pages) forthcoming *Journal of Econometrics*, 2010.

Spanos, A. (2010), “Philosophy of Econometrics,” (67 pages) *Philosophy of Economics* in the *Handbook of Philosophy of Science*, Elsevier (editors) D. Gabbay, P. Thagard, and J. Woods, forthcoming 2010.

Mayo, D. G. and **A. Spanos** (2010), “Error Statistics,” (54 pages) in *Philosophy of Statistics within the Handbook of Philosophy of Science*, Elsevier (editors) D. Gabbay, P. Thagard, and J. Woods, forthcoming 2010.

Tideman, N., “Pricing Externalities” (with Florenz Plassmann), *European Journal of Political Economy*, forthcoming.

Tsang, K.P. “Seigniorage as a Source for a Basic Income Guarantee”, March 2010, Nicholas Tideman (VT), accepted subject to minor revisions at *Basic Income Studies*.

3. Books

Mayo, D. G. and **A. Spanos** (2010), *Error and Inference: Recent Exchanges on Experimental Reasoning, Reliability, and the Objectivity and Rationality of Science* (430 pages), Cambridge University Press, Cambridge.

4. Book Chapters and Other Scholarly Outlets. Published or Accepted for Publication During the 2009 Calendar Year

There were no publications of this kind during 2009 but there are several works in progress by many of our faculty.

PRESENTATIONS/INVITED TALKS

Richard Ashley

- “A Test of the GARCH(1,1) Specification for Daily Stock Returns” Society for Nonlinear Dynamics and Econometrics 17th Annual Symposium (April 16, 2009, Atlanta FRB)
- “Apparent Long Memory in Time Series as an Artifact of a Time-Varying Mean: Considering Alternatives to the Fractionally Integrated Model” Virginia Tech Economics Department (September 25, 2009).
- “How (Not) to Model Trends” West Virginia University Economics Department (October 5, 2009).

Eric Bahel

- Virginia Tech, Blacksburg, VA, January 2008
- Rochester Institute of Technology, Rochester, January 2008
- Sherbrooke University, Sherbrooke (Canada), February 2008
- Presented “*Optimal Management of Strategic Reserves of Non-renewable Natural Resources*” at the European Association of Environmental and Resource Economists (Amsterdam 2009)

Sheryl Ball

- “Classroom Experiments: Using our WITS”, presented at the McGraw Hill Sponsored Conference on Teaching Economics in Memphis, Tennessee, March 2009.
- “Beyond Active Learning”, presented at the NSF Sponsored Conference on Classroom Experiments in Williamsburg, Virginia May 19-21, 2009.
- "Risk Aversion and Tax Compliance Messages: Why Do People Pay?" presented at the Southern Association annual meetings in San Antonio, November 21-23, 2009.
- "Experimental Social Choice Theory and the Battle of the Sexes" presented at the Southern Association annual meetings in San Antonio, November 21-23, 2009.

Suqin Ge

- University Laval, Department of Economics (March 19, 2009), Quebec City, Canada. Paper title “Accounting for the Gender Gap in College Attainment.”
- Virginia Tech, Department of Economics (April 3, 2009), Blacksburg, Virginia. Paper title “Accounting for Rising Wages in China.”
- Georgetown University, Department of Economics (April 7, 2009), Washington D.C. Paper title “Accounting for Rising Wages in China.”
- Society of Labor Economist 2009 Annual Meeting (May 8-10, 2009), Boston, Massachusetts.
- Midwest Macro Meeting (May 15-17, 2009), Bloomington, Indiana.

Gebremeskel Gebremariam

- Gave a five-hour Pal-Talk lecture on “Strategic Nonviolent Struggle: Its Meanings, Methods and Applications in the Eritrean Context,” to 250 Eritreans Globally, in Eritrean Democracy for all Discussion Group Room, 6 June 2009.
- Gave a three-hour Pal-Talk lecture on “The Bureaucratic Model of Organizational Design: Its Relevance in the Struggle to Build a Democratic Eritrea,” to Members of Eritrean People’s Party Globally, in Political New Arena 2008 Room, 29 May 2009.
- Gave lecture and subsequently engaged in a nine-hour heated Pal-Talk debate on “Violent Vs Nonviolent Action as a Method of Struggle for a Democratic Transition in Eritrea,” arguing in favor of ‘Nonviolent Action’, to more than 250 Eritrean audience, in Eritrean Room for Strong and United Opposition, 11 April 2009.

Hans Haller

- **Universität Bielefeld:** “Pairwise Interaction on Random Graphs”
- **2009 NSF/NBER/CEME Conference on General Equilibrium and Mathematical Economics, UCSD:** “Club Theory and Household Formation”
- **Midwest Economic Theory (Fall), Penn State:** “Debt Financing and Output Market Behavior”

Joao Macieira

- International Industrial Organization Conference 2009 (Boston. MA). Papers presented: “A Dynamic Model of Innovation and Technological Competition in the Supercomputer Industry”, and “Mergers with Innovation in Differentiated Product Industries: the Case of Supercomputers

Djavad Salehi-Isfahani

- Council on Foreign Relations, Vali Nasr's Roundtable Series, 14 February 2009.
- International Conference on Human Capital and Economic Growth, Seoul, Korea, October 13, 2009, organized by the Korea Labor Institute.
- Iranian Economy at a Crossroads, September 27-30, 2009, USC, Los Angeles, CA.
- Harvard Arab Alumni Conference, May 15, 2009, Harvard School of Public Health
- MENA Gender and Economics Symposium: Translating Research into Action, Harvard Kennedy School, November 17-19, 2009
- Population Studies and Training Center, Brown University, October 8, 2009.
- Population Association of America, May 2009, Detroit, MI.
- International Union for the Scientific Study of Population (IUSSP), Marrakech, Sept. 27-Oct 2, 2009 (two presentations).
- Middle East Studies Association, November 20-21, Boston, MA.

Aris Spanos

- January 30-31, 2009. Participated in a conference on: *Leadership in times of crisis: Economic science and the constitution*, at the Jepson School of Leadership Studies at the **University of Richmond**, VA.
- March 6-8, 2009. Participated in the conference entitled: *International conference on Models and Simulations 3: Emergence, Computation, and Reality* at the **University of Virginia** and Presented a paper entitled: "On Statistical Model Validation: the use of Simulation in securing Statistical Adequacy"
- April 24, 2009. Presented a seminar at the Department of Economics, **Virginia Tech** entitled: "Statistical Model Validation and the Methodological Charges often Leveled Against Misspecification Testing"
- **May 25, 2009**. Presented a seminar at the **University of Cyprus**, entitled: "Methodological Issues pertaining to Mis-Specification Testing"
- **June 2, 2009**. Seminar at the **Athens University of Economics and Business**, entitled: "Akaike-type Information Criteria and the Reliability of Inference"
- **June 3-5, 2009**. Gave a series of 7 graduate lectures at the University of PIRAEUS, Department of Finance and Banking, on Methodological issues and problems pertaining to modern econometrics:
 - **Lecture 1**. Foundational issues pertaining to frequentist inference and modeling and how to address them
 - **Lecture 2**. Statistical model specification vs. model selection [Akaike-type procedures]
 - **Lecture 3**. Reliability/precision of inference and robustness
 - **Lecture 4**. Statistical vs. Substantive Adequacy: Revisiting the omitted variables bias argument
 - **Lecture 5**. Methodological issues: Data Mining and Double-Use of Data
 - **Lecture 6**. Statistical 'Error-fixing' strategies and unreliable strategies for 'upholding' a theory
 - **Lecture 7**. If everything else fails, blame multicollinearity!
- June 18-20, 2009. Participated in the Annual Meeting of the SOCIETY FOR PHILOSOPHY OF SCIENCE IN PRACTICE, at the **University of Minnesota**, Minneapolis, Minnesota, USA,

and presented a paper entitled: “*On Securing the Trustworthiness of Evidence: Modeling the Global Surface Temperature Data*”

- June 25-26, 2009. Co-organized (with D. G. Mayo (VT), J. Williamson and D. Corfield, University of Kent) a conference entitled: “***Multiplicity and Unification in Statistics and Probability***,” at **University of Kent**, Canterbury, UK, and presented a paper entitled: “*Error Statistics and the Frequentist Interpretation of Probability*”
- November 13-15, 2009. Participated in a Conference on “***Simplicity and Likelihood***,” at **Yale University**, New Haven, CT, USA and Presented a paper entitled: “*Akaike-type Information Criteria and the Reliability of Inference: Statistical Model Specification vs. Model Selection*”

Nicolaus Tideman

- Joint paper with Florenz Plassmann, “Pricing Externalities” was presented by Florenz at the Duke University Political Science Department.
- Joint paper with Florenz Plassmann, “The Structure of the Election-Generating Universe,” was presented by me at the Duke University Mathematics Department
- “Seigniorage as a Source for a Basic Income Guarantee “ (a joint paper with Byron Tsang), Basic Income Guarantee conference, held jointly with the Eastern Economic Association meetings
- “A Proposal for Radical Restructuring of the Foundations of Our Monetary and Banking Institutions” (a joint paper with Byron Tsang), Public Choice meetings
- “Property in a Utopian State, Informed by Ideas of Pufendorf and Locke” at the 22nd Heilbronn Conference: The State as Utopia,
- “Global Economic Justice,” Silvaplan Workshop in Political Economy

Steve Trost

- “The Impact of Online Homework Completion on Exam Performance: A Large-Sample Experiment”. Pennsylvania State University, November 2009
- “The Impact of Online Homework Completion on Exam Performance: A Large-Sample Experiment” (with Djavad Salehi-Isfahani), Southern Economic Association Annual Meeting in San Antonio (November 2009).
- “The Impact of Online Homework Completion on Exam Performance: A Large-Sample Experiment” (with Djavad Salehi-Isfahani), American Economic Association Annual Meeting in Atlanta (January 2010).

Kwok Ping Tsang

- **University of Kansas**, Lawrence, March 2009 (“What Does the Yield Curve Tell Us About Exchange Rate Predictability?”)
- **Academia Sinica**, Taipei, Taiwan, May 2009 (“Exponential Discounting: A Direct Test”)
- **Hong Kong Institute for Monetary Research**, Hong Kong, August 2009 (“A Macro-Finance Approach to Exchange Rate Determination”)
- **Hong Kong Institute for Monetary Research**, Hong Kong, January 2010 (“Home Bias in Currency Forecasts”)
- **Missouri Economics Conference**, Columbia, March 2009

EXTERNAL GRANTS

Sheryl Ball

- **(Continuing)** NSF Economics Pedagogical Portal, Scott Simkins NCAT PI. Ball is senior faculty on this grant. This project proposes the creation of an economics pedagogic portal as part of the national Science Education Resource Center (SERC) <http://serc.carleton.edu/serc/about.html>. It will offer one-stop pedagogical content resources for economics instructors including ready-to-use examples organized by teaching technique and topic in the principles curriculum. The portal will use the existing set of SERC pedagogic resources, adapting them for use in economics courses, and will add new resources in areas not now included as part of the SERC site.
- **(Continuing)** NSF Wireless Internet Center for Advanced Technology grant, Tamal Bose PI. Ball is senior faculty on this \$350,000 grant through which Virginia Tech joins a multi-university research center. (Funded as of February 2008).
- **(Continuing)** NSF Grant “Collaborative Research: WITS: A Wireless Interactive Teaching System.” Ball is PI. Collaborative grant with Catherine Eckel, University of Texas at Dallas. \$375,000. (DUE-0618646)

Suqin Ge

- **(Continuing)** CCK Foundation Research Grants 2008--2010, joint with Dr. Dennis T. Yang. “Globalization and Rising Wages in Mainland China.” \$17,000.

Djavad Salehi-Isfahani

- **(Continuing)** Family Planning and Education of Rural Women in Iran (\$30,000).(GERPA) Program, a Grant Facility of the World Bank.
- **(Continuing)** PI, “Evaluating the impact of Iran’s Health and Family Planning Program on Fertility and Education in Iran,” Global Development Network (\$120,000). Ended August 2009

DEPARTMENT SEMINARS AND CONFERENCES

The department continued its twice-a-week seminar series with some distinguished outside speakers as well as Economics faculty. On October 3, 2007 Nobel Prize winner Eric Maskin gave a presentation on the occasion of the 90th birthday of James M. Buchanan Jr., Nobel Prize laureate and University Distinguished Professor Emeritus of Economics and Philosophy.

III. ENGAGEMENT

Department faculty was engaged in a variety of outreach activities this year. A detailed list itemized by faculty member follows.

Richard Ashley

- Continued work on an undergraduate econometrics textbook *Fundamentals of Applied Econometrics* – finished 14 of 17 planned chapters thus far.

Sheryl Ball

- Presentation “Class Policies for an Easier Semester” at Graduate School GTA Phase 1 Workshop on 8/19/09.
- Served on an NSF panel for “Science and Technology Centers” January 6-8, 2009

Hans Haller

- Guest Professor at ETH Zurich (June & July 2009)

Djavad Salehi-Isfahani

- Funded Ph.D. Candidate, Ali Hashemi on GDN Grant
- Chair of Labor and Demography Committee, ERF Annual Conference, held in Cairo, Egypt, November 10-13, 2009.

Aris Spanos

- **April 25, 2009.** Co-organized [with D. G. Mayo] a Graduate Workshop on the PHILOSOPHY OF STATISTICS, EXPERIMENT AND MODELING, where in addition to the presentations of several graduate students from Virginia Tech and the London School of Economics, there were special lectures given by myself, D. G. Mayo and Clark Glymour (Carnegie Mellon University).
- **September 20-23, 2009.** Participated in a Liberty Fund colloquium entitled: “*James Buchanan’s “Logic of Constitutional Liberty”*” held at “The Inn at Virginia Tech and Skelton Conference Center“, Blacksburg, Virginia

Nicolaus Tideman

- Presented the paper, “Bank Competition under Monetary Reform” at the conference of the American Monetary Institute.

Steve Trost

- Developed and implemented a Scholar site for our graduate students who are teaching principles of economics courses. This site contains content that I collected that may be useful for these new teachers.
- Attended the Southern Economic Association Conference in San Antonio, TX (November, 2009)
- Attended the American Economic Association Conference in Atlanta, GA (January, 2010)

- Regularly attended seminars and lectures in the Departments of Economics and Agricultural Economics as well as in the Pamplin College of Business.

Kwok Ping Tsang

- Visiting Scholar, Academia Sinica, Taipei, Taiwan, May 2009

Zhou Yang

- Participated in the ICPSR summer workshop in June 2009, held at University of Michigan
- Attended FDI workshop for computing in August 2009 at Virginia Tech

IV. DIVERSITY ACTIVITIES

We are well represented internationally in both our faculty and graduate students. We currently have two female faculty members, that is fewer than in the past. Dr. Sheryl Ball has served as Associate Head since August 2007. Diversity has been and continues to be a key concern in recruiting. Our most recent hire, Eric Bahel (hired Fall 2009) is a native and citizen of Cameroon. All of our incoming graduate students for Fall 2009 were international and two of the four were female. Gebremeskal Gebremariam, a native of Eritrea, is an instructor for freshmen level economics classes.

Several faculty members were engaged in diversity related research and other activities:

Dr. Sheryl Ball

- Worked on an undergraduate research project with a MAOP student during Fall 2009
- “Do Names Really Matter? An experimental economics paper on ethnic discrimination based on names” is an ongoing research project (joint with Catherine Eckel) in which we develop a tool for measuring discrimination in an undergraduate student population. This paper has been presented at a number of conferences and several times on the Virginia Tech campus. Currently in the process of writing up this work which now includes data collected at campuses other than Virginia Tech.

Dr. Suqin Ge:

- Does significant research on the gender difference in college attainment and labor supply in the U.S.
- Covers labor market discrimination in Econ 4074 and 6104 –Undergraduate and Graduate Labor Economics.

Dr. Steve Trost:

- As part of my current research, he is investigating differences in how men and women learn in Principles of Economics courses. Women have traditionally been underrepresented in the economics field and understanding how women experience their first economics course may suggest ways to encourage more women to go into the field.

V. SERVICE

In this section we focus on service to the college, to the university, and to the profession.

Richard Ashley

- Served as Director of Graduate Studies
- Served as chair of the Department Graduate Policies Committee
- Served on the Qualifying Exam Committee
- Served on the College Honorifics Committee
- Served on 3rd-year Review Committee for Byron Tsang (also peer-reviewed his teaching)
- Department Network Liaison
- Served as a Ph.D. Committee Member for:
 - Shahram Amini Moghadam
 - Hengheng Chen
 - Shaojuan Liao
 - Atanu Rakshit
 - Paul Hallmann
 - Ravi Radhakrishnan
 - Alfredo Romero-Aguirre
- Refereed one journal article and one NSF proposal
- Reviewed P & T package for Economics Department at Purdue University
- Participated in Hatch Project Reviews for two members of the AAEC Department
 - Mentoring: for Ph.D. committees – Crawford, Pan, Radhakrishnan, and Romero-Aguirre

Eric Bahel

- Referee for *Social Choice and Welfare*
- Served as an usher at the Fall 2009 Commencement ceremony(Graduate)

Sheryl Ball

- Taught about money and taxes at “Economics Camp” at Blacksburg New School during July 2009.
- Gave a presentation at the August 2009 GTA workshop designed to familiarize new graduate students with best practices in writing a syllabus as well as Virginia Tech policies for conducting undergraduate courses.
- Undergraduate Advising
 - Honors Advising
 - Arbitration for dissatisfied students
 - Evaluation of all Economics Transfer credits
- Graduate Advising
 - Advisory Chair for Ellen Green’s Ph.D. Committee
 - Ph.D. Committees – Nguyen, Romero-Aguirre, and 2 Accounting students and 1 Electrical Engineering student

- Selection Committee for Diggs Teaching Scholars
- Member of Virginia Tech Mediation Team
- Member of Undergraduate Honor System (Panelist)
- Member of Graduate Honor System (Panelist)
- Member of College of Science Diversity Committee
- Referee for American Economic Review, Economic Inquiry, Journal of Economics Education, Journal of Education in Business, European Economics Journal, Southern Economics Journal and National Science Foundation (>1).

Richard Cothren

- Departmental Executive Advisory Committee
- Departmental Faculty Search Committee
- Departmental Undergraduate Curriculum Committee
- Departmental Qualifying Exam Committee
- Faculty Senate
- University Athletics Committee (COS representative)
- Chair (Spring 2009) of the Academic Integrity Committee (a subcommittee of the University Athletics Committee charged with evaluating *Student Athlete Academic Support Services (SAASS)*). Service on this subcommittee continued in Fall 2009.
- Serve as advisory committee chair for Ravishekhhar Radharishnan.
- Referee for the journal “Conflict Management and Peace Science”

Suqin Ge

- Served on Faculty Search Committee – participated in screening job applications and interviewing job market candidates during the AEA meeting
- Served on Graduate Program Committee – actively engaged in the admission of new graduate students from China. In February 2009, read all applications and helped select qualified students for our graduate program.
- FAR Committee – performed regular duties by reading all FARs, and participated in committee meetings.
- Served on the College of Science Curriculum Committee – attended all meetings and performed regular duties
- Invited and hosted Chinhui Juhn from Department of Economics, Houston University to give a seminar on “Did Trade Liberalization Help Women? The Case of Mexico in the 1990s” (October 2009).
- Served as advisory chair for Hengheng Chen (3rd year student)
- Served as a Ph.D. Committee Member for:
 - Sibel Atasoy (AAEC student) – attended final defense- successful completion
 - Zhengzheng Pan - attended final defense- successful completion
 - Ali Hashemi (5th year student)
 - Paul Hallman (4th year student) – attended prelim defense
 - Binh Nguyen (4th year student) – attended prelim defense

- Golnaz Taghvatalab (4th year student) – attended prelim defense
- Zhiyuan Zheng (4th year student) – attended prelim defense
- Shaojuan Liao (3rd year student)
- Ellen Green (3rd year student)
- Oda Hisaya
- Referee for the *Economics of Transition*

Hans Haller

- Department Head
- Referee for *Economics Bulletin*, *Economic Theory*, *Journal of Economic Theory*
- Associate Editor for *Journal of Economics* (since 2005), *International Game Theory Review* (since 2002), *The Manchester School of Economics* (since 1997)
- Principal Advisor of Doctoral Students: Prasun Bhattacharjee (Co-Chair), Dongryul Lee, Hojjatallah Ghandi, and Jongwon Shin (Co-Chair)
- Dissertation Committee Member for Zhengzheng Pan, Zhiyuan “Jason” Zheng, Hengheng Chen, Ravishekhar Radhakrishnan, Juqi Lui (ISE), and Xin Zeng (ISE)

Joao Macieira

- Member of departmental Recruiting Committee – reviewed applications from job candidates and participated in job interviews
- Member of Virginia Tech’s Committee for Outreach and International Affairs (COIA). Participated in meetings and voted on prize and award assignments.
- Dissertation Committee Member for:
 - Prasun Bhattacharjee – supervision of his empirical work on multimarket contact in the airline industry
 - Ali Hashemi – supervision of his empirical analysis of Iranian Presidential Elections
 - Ellen Green - supervision of her computational simulation work towards experimental economics research on physician compensation
- Dissertation Committee Chair for Jongwon Shin – supervision of his theoretical research on network formation models in two-sided markets
- Referee for NSF, the *International Game Theory Review* and the *Journal of Industrial Economics*

Djavad Salehi-Isfahani

- Served on Departmental Graduate Program Committee
- Participated in ISCE activities: GII fellow, and the group on Program Evaluation
- Reviewed for:
 - *Journal of Economic Behavior and Organization*
 - *Quarterly Review of Economics and Finance*
- Graduate Advising Committee member:
 - Hengheng Chen
 - Shaojuan Liao

- Graduate Advising Committee Chair
 - Paul Hallmann
 - Golnaz Taghvatalab
 - Ali Hashemi

Aris Spanos

- Served as Chair of the College of Science Promotion & Tenure Committee
- Served on departmental Executive Committee
- Served on Graduate Program Committee
- Seminar Series Coordinator
- Refereed for *Econometric Theory*, *Linear Algebra and its Applications*, *Journal of Econometrics*, *Philosophy of Science*, *British Journal for the Philosophy of Science*, *Journal of Economic Methodology*, *Synthese*, *Handbook of Philosophy of Science*
- Graduate Committee Chair for Alfredo Romero-Aguirre, Niraj Poudyal, Ahsan Zaman, Zhijie Hou

Nic Tideman

- Served as the Economics representative to the College of Science Cluster Committee
- Reviews for *Public Choice* and *Journal of Moral Philosophy*
- Chair of the dissertation committee of Binh Nguyen, who plans to defend Spring 2010.
- Worked with Brad Shapiro, advising him on his master's thesis in the math department (which was actually an economics thesis) and helping him get his NSF fellowship and admission to MIT
- Advisor for Yonghui Zhang who is here for two years as a visiting scholar, under the sponsorship of the Chinese government, to work on a Ph.D. from a Chinese University.
- On thesis committee of Fateme Abolhasani, a master's degree student at Yazd University in Iran.
- Member of the dissertation committee of Joe Mazon, who finished his doctoral dissertation in the political economy program at Harvard last May and spent this year on a post-doc at Princeton

Steve Trost

- Undergraduate Advising – As a freshman instructor Dr. Trost has a lot of opportunities to talk to students about the economics major and careers in economics.
- Graduate Advising
 - Member of Master's thesis committee for Mehmet Altin (graduate student in hospitality and Tourism Management)
 - As the coordinator for all the first-year graduate teaching assistants, mentors graduate students on the first-year work load and the importance of balancing coursework with their duties as teaching assistants.
- As the Coordinator for the Principles of Economics courses, ensures consistency (in terms of course content and grading) across all instructors. This entails deciding on a common textbook,

helping graduate instructors set up their course, and encouraging and enabling the use of technology in the classroom.

- As the faculty coordinator for the Economics Tutoring Center (ETC), he is responsible for staffing the center with graduate students throughout the semester as well as working with those grad students to provide the best service possible to the undergraduate students who use the center.
- As the Career Advisor for the Department of Economics, he is involved with University-wide career-related events and also counsel students on potential careers in economics and related fields.
- As an early adopter of in-class response systems (iClickers in my case), he has discussed my use of iClickers with several other professors who are considering adopting the technology or are just curious.
- Along with wife, Erika Meitner, he has hosted several events for the English Department including receptions for visiting writers and current and potential English graduate students.

Kwok Ping Tsang

- Served on the Qualifying Exam Committee
- Served as Advisory Chair for Atanu Rakshit (3rd year)

Zhou Yang

- Served on the College of Business Commencement Committee. Coordinated commencement activities between the Economics Department and the College of Business.
- Served on the departmental Qualifying Exam Committee. Participated in revising the exam questions submitted by various professors who are asked to develop the exam questions
- Provided recommendation letter and advice on Graduate Schools for a student in Industry Structure course.
- Served a member on the Advisory Committee for:
 - Prasun Bhattacharjee
 - Paul Hallmann
 - Golnaz Taghvatalab
 - Jongwon Shin
 - Zhiyuan 'Jason' Zheng
- Referee for *International Journal of Game Theory*

VI. HONORS & AWARDS

- **Dr. Djavad Salehi-Isfahani**, was appointed Non-resident Senior Fellow, the Global Economy and Development Program, the Brookings Institution.
- **Dr. Steve Trost:**
 - Named "Principles Teacher of the Year" for 2008-2009 by the Department of Economics

- Chosen as a “Favorite Faculty” member by several students
- **Dr. Kwok Ping Tsang:** Postdoctoral Research Fellow, Hong Kong Institute for Monetary Research, December 2009 – January 2010, June – August 2009.

VII. DEPARTMENTAL ADMINISTRATIVE ACTIVITIES

FACULTY RECRUITMENT AND ADDITIONS

The department committed considerable thought and energy into the recruitment of new faculty. We were pleased to have Dr. Eric Bahel, University of Montreal, joining us in August 2009 as tenure track faculty.

At the beginning of academic year 2008-09, we talked about the most critical faculty needs. We concluded that given the small size of the department, we should search primarily in the area of microeconomics and game theory, where we found ourselves in dire need of a second expert after the imminent departure of Dr. Gilles. Our ad attracted close to 200 applications. Our recruitment effort involved all available faculty. We gained approval of 32 candidates by the College Cluster Committee and arranged to interview them at the Annual Economics meeting in San Francisco in early January. We invited the most promising candidates to campus. We made one offer that was rejected and one which was accepted. We were pleased to welcome Dr. Eric Bahel, University of Montreal, who joined us in August 2009.

FACULTY DEPARTURES

The gains in new faculty have been offset by departures. Dr. Dennis Yang was on study-research leave during Spring 2007 and unpaid leave during the academic year 2008-09. He has now resigned and is working at the Chinese University of Hong Kong. Dr. Robert Gilles has accepted a chair at Queen’s University Belfast and has resigned. Dr. Amoz Kats is retiring effective June 1, 2010.

VARIABLE WORK LOAD

We planned, adapted and initiated variable teaching/research/service guideline in Fall 2006. These are designed to maximize productivity of the department by allowing and encouraging flexibility in work loads. Faculty who have maintained highly productive research programs over recent years will have slightly smaller teaching responsibilities while those who have low research productivity over the past few years will contribute more teaching. The feedback from faculty suggests a need to revisit the guidelines. Moreover, the small faculty size limits flexibility.

STAFF CHANGES

Undergraduate advisor Chris LaPlante resigned at the end of fall 2009.

VIII. FUTURE DIRECTIONS

The majority of our faculty are engaged in international or interdisciplinary research collaborations. Many, but by no means all, newly hired faculty will be empirically (possibly experimentally) oriented, following the trend in the profession. But we still will need experts who are able to teach theory at all levels. The Economics Department remains below the critical size necessary to provide adequate academic support to fully prepare our undergraduate and graduate students professionally. Certainly, we are not of the size to provide adequate support for a top-50 research University. The Economics Department had 25 full-time faculty positions in 1990 and this fall we expect to have 14 (including two instructors). The average number of full-time economics faculty positions at the ten land-grant universities that are our peer institutions is 29. The average for the four largest institutions in Virginia including James Madison is 25.

The four most critical tasks for the coming years: **recruitment, retention, recruitment, retention**. We need strength in scholarship and instruction. Given our age structure, we are also in danger of running out of personnel qualified for leadership positions, both academically and administratively. Departmental leadership is a serious concern and must be addressed both in the short- and the long-run.

While we were successful in recruitment of new faculty in recent years, the faculty size remained the same, a very fragile steady state. Further recruitment of new faculty is critical. To preserve leadership potential, some senior hiring proves critical as well. We need to grow the size of the faculty and in order to do this we must recruit at least two faculty members each year for several years.

Investment in new faculty members is particularly critical if the Department is going to be able to take advantage of the opportunities being created by the Carillion Medical School. A number of faculty are interested in health related research topics, but in order to build momentum towards earning large grants from agencies such as NIH it is critical that we hire experienced faculty in some strategic areas. For example, Neuroeconomics is a developing field in behavioral and experimental economics. It requires the use of fMRI machines which are being purchased to facilitate research at the new Medical School. While Dr. Ball is an active researcher in this field she needs a research partner to be able to compete for substantial grant money. Likewise, Dr. Tideman is interested in studying how changing healthcare delivery systems might result in new models of health insurance, but he needs a new colleague working in economic theory to become a player in this field. A substantial fraction of the faculty is interested in moving their research in this direction, but without a significant hiring effort, especially at the senior levels, this potential opportunity will not be realized.