

# Department of Economics Annual Report

## Calendar Year 2007

### PART I – EXECUTIVE SUMMARY

#### Department Head Summary

As in the past, the Department of Economics provides important research/scholarship, teaching, and outreach to the profession and the University Community. While we continue to make strong contributions to all three missions of the University, we remain much too small to achieve the level of excellence that we desire and should be expected of us at a major land-grant research university. For example, the number of 4000 level courses that we offered to our undergraduate students in 2007 dropped by 59% from 2005. The result of this is that our undergraduates are no longer able to specialize in a particular field of economics. In addition, several of our first year courses are taught by non-degreed teachers as a temporary solution to our staffing difficulties. 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 is critical that the department work together and with the Dean 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 this and last year and it is an important step to enable 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.**

**Research/Scholarship.** Many of the 2007 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. Gilles and Ball continue to have collaborative research projects within the College of Engineering. Drs. Gilles, Haller, Salehi, and Yang all have international interest and involvement. Two pending NSF IGERT proposals have co-PIs from our department, Dr. Ball and Dr. Gilles (plus Dr. Haller as participant), respectively. A success of any of these exciting proposals would further interdisciplinary research and instruction across departments and colleges.

**Graduate and Undergraduate Education.** The one Ph.D. completed is clearly disappointing. The prospects for 2008 and 2009 look much better. 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. We also need several of our graduate students in our first-year teaching program which reduces their research productivity. The Economics Department currently teaches almost 90% of the graduate courses of the joint with (AAEC) Ph. D. program.

As to be expected, the decrease in faculty members is also limiting our undergraduate teaching effort. Compared to previous years, the number of classes offered at the 4000 level dropped sharply. While we were able to restore enrollment numbers in these courses by offering extremely large classes, this will not always be possible and does not compensate for limited choices. The Economics Department wants to do more, students need what we offer and we urge everyone to help support the growth and strength of the department. 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, electronic homework assignments and other means. Dr. Salehi has worked on using the clicker device in large Principles classes. Dr. Ball continues research on the WITS system.

**Outreach.** Our continued collaboration with Sungkyunkwan University (South Korea); enabled approximately 25 Korean graduate students to come to Blacksburg in January 2007 for a one-month intensive course in Applied Economics taught by Dr Spanos.

## **FACULTY**

### **1. Full-Time Faculty for Calendar Year 2007**

**Professors:** Richard Ashley, Robert Gilles, Hans Haller, Amoz Kats, Deborah Mayo (50% Economics/50% Philosophy through Spring 2007), Djavad Salehi-Isfahani, Aris Spanos, Nicolaus Tideman (On Leave Spring 2007), Dennis Yang (On Leave Fall 2007).

**Associate Professors:** Sheryl Ball, Richard Cothren, Nancy Lutz (Resigned end of Summer 2007).

**Assistant Professors:** Suqin Ge, Joao Macieira (hired Fall 2007), Marcelo Mello (Resigned after Spring 2007), Steve Trost (hired for Fall 2007), Zhou Yang (hired Fall 2007) and Jeffrey Yau (Resigned Spring 2007)

**Instructors:** Spring 2007: Prasun Bhattacharjee, Constantinos Charalambous, Yanfeng “Oliver” Chen, Syed Islam, Ravishekhar Radhakrishnan  
Fall 2007: Prasun Bhattacharjee, Constantinos Charalambous, Andre Crawford, Eftila Tanellari

**Visiting Professors:** Kyung Baik (Spring 2007), Sudipta Sarangi (Fall 2007)

### **2. Full-Time Faculty on Leave in 2007**

Nicolaus Tideman was on study leave during Spring 2007.

Dennis Yang was on study leave during Fall 2007.

## PART 2: ACADEMIC ACCOMPLISHMENTS

### I. LEARNING

#### UNDERGRADUATE PROGRAM

This year 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. We again used an *ad hoc* method to meet the demand, using 5<sup>th</sup> year doctoral students as instructors along with visiting professors (Kyung Baik, Sudipta Sarangi, and Steven Trost) and an adjunct (Syed Islam). Professors Djavad Salehi and Richard Cothren continue to be the faculty presence in the sequence; each teaches 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.

The addition of Joao Macieira and Zhou Yang 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. We anticipate a potentially severe staffing crisis in Fall 2009 unless we find a way to renew the term contracts of Steven Trost and Gebremeskel Gebremariam.

Department faculty made again extensive revisions to existing course offerings last year. Electron teaching aids are increasingly incorporated; Djavad Salehi's efforts to integrate a new web-based technology into a very large section of Principles of Economics and the continuing development of the WITS project under Sheryl Ball (joint work with Catherine Eckel at University of Texas at Dallas) deserve special mention. Nancy Lutz developed a new course in Antitrust and Regulatory Economics. Ten students were involved in undergraduate research projects.

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

#### 1. Curriculum Development

##### **Richard Cothren**

- Continued to fine-tune the material for Macro-Principles (Econ 2006).
- Also currently developing an undergraduate course on monetary theory and the history of U.S. monetary policy to be taught Fall 2008 as a special section of "Advanced Macroeconomics".

##### **Suqin Ge**

- Econ 3204 (Macroeconomic Theory) In this undergraduate macroeconomic theory course, she tried to teach standard macroeconomic models with applications to U.S. data.

In addition to covering materials from the textbook, she assigned extra reading from magazines and academic journals for the students to help them understand the connection between the theories and the real world. Dr. Ge also guided students to work on simple projects which involved data collection and analysis.

### **Rob Gilles**

- Economics of Organization (ECON 4404, S 2007 and S 2008)

Dr. Gilles explains: A major research and teaching project that I initiated during the Summer 2006 has been the development of a teaching plan and a plan of a textbook on relational economics. I believe very strongly that economics is ready for and in need of a major overhaul to really enter the 21st century. There is currently a scientific revolution underway in which multiple sciences are moving toward a common foundation based on the notion of a “network”. Strengthened by the rise of the Internet, this notion has acted as a unifying force in multiple sciences including physics, engineering, sociology, and also economics.

My plan has been to develop a teaching method founded on these recent developments and their consequences for economics and the study of the global economy. In the developed course plan I cover economic trust (as the main binding principle in the network economy based on a well-developed social division of labor); social networks (statistical properties as well as formation theories); hierarchies (describing the nature of the firm as a network of agency relations); and economic institutions (including monetary institutions, the social division of labor, and political institutions). The coming years I intend to develop this outline into a textbook at the advanced undergraduate and first-year graduate levels. I have the intention to start the writing process within my current Spring 2008 sabbatical semester.

In 2007 I requested to teach the “Economics of Organization” (ECON 4404) course as a pilot course for this new material. I believe that this new course has been very successful. The students responded enthusiastically to this new material. I will use the version of the ECON 4404 course in the Spring 2009 semester to further implement this course outline and to develop the materials further.

- Undergraduate Game Theory (ECON 4424, F 2007)

This past year I did not undertake the substantial revision of my courses, but for the Fall 2007 semester I implemented a major overhaul of my undergraduate game theory course. I converted my teaching structure to fit with a recent text by Martin Osborne (2004). This involved a significant updating of the outline of the course and an adaptation of the classroom experiments that accompany each assignment. I believe that his restructuring was successful. I will develop this revised course outline further in the Fall 2008 version of this course.

### **Nancy Lutz**

- Dr. Lutz developed a new course in Antitrust and Regulation, which was taught as Econ 3004 during Spring 2007. This course expands our offerings in Industrial Organization, and also allows students to see how law and public policy are affected by economic analysis. A key part of the course was an in-depth study of U.S. v. Microsoft (the “Microsoft antitrust” case), which culminated in a visit by a guest speaker, one of the U.S. Department of Justice’s lead economists on the government trial team.

### **Djavad Salehi-Isfahani**

- Dr. Salehi revised the Econ 2005 Principles course to increase student participation in a large class. He used the electronic device i.clicker to enable students to answer questions in class, express their opinion, and take live quizzes.

### **Steve Trost**

- Dr. Trost is continually trying to improve lecture style and refine the content presented for the Principles of Microeconomics (2005) course.

### **Dennis Yang**

- Continued to systematically revise Econ 4144: Economics of China to incorporate more updated content on recent developments of the Chinese economy. Specifically, has added two classes on China's internal and external imbalances that had been developed in the past three to four years.

## **2. Undergraduate Research**

### **Rob Gilles**

- Worked with undergraduate honors student Jacob Lackewitz (ECAS/BIO) on the development of evolutionary game theoretic models to describe and analyze the behavior of bison.

### **Sheryl Ball**

- Worked with a group of four ECAS and ECON majors who developed a project in experimental economics, conducted the experiments, and analyzed the resulting data. Also supervised Michael Dalton (ECAS) as her NSF-funded research assistant.

### **Nic Tideman**

- Worked with four ECAS and ECON majors (Brad Shapiro, Philip Dufresne, B.J. Dillon and Patrick Starling) who gathered data and developed sub-programs for a computational general equilibrium model of the impacts of taxation in the United Kingdom.

## **3. Technology**

### **Djavad Salehi**

- Dr. Salehi continued to use a web-based software package for homework assignments and for online experiments that were designed to let students interact with each other in simulated markets. Students were enthusiastic about this technology innovation. Prof. Salehi also employed a tablet PC to add "real time" comments to his Powerpoint slides; this was a significant improvement over his old teaching methods, which relied on standard Powerpoint slides, complemented by hand-drawn transparencies. As noted above, in 2006 he also attended FDI workshops to learn about "clickers", which he incorporated into the Spring 2007 class.
  - Additionally, our Graduate Instructors have begun using similar programs, MyEconLab and Aplia in their courses as well.

## Sheryl Ball

- Professor Ball continued her work on the WITS project. This year's efforts created a new system architecture that allows students to use their laptop computers to participate in the active learning exercises in class. This change to the system is a reaction to Virginia Tech's requirement that all students have laptop computers and improves the stability of the system while eliminating the need for the university to purchase handheld computers. The technology is more flexible and powerful than "clicker" systems.

## 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) for academic years for the first year, and for calendar years 2003 – 2007 which include Spring, Summer, and Fall semesters. Table 2 shows condensed information on student headcounts for academic years for the first two years, and calendar years 2003 - 2006, which include Spring, Summer, and Fall semesters.

Table 1. Weighted Student Credit Hours: AY and CY Totals

|              | 2002-03 <sup>1</sup> | 2003 <sup>2</sup> | 2004 <sup>3</sup> | 2005 <sup>4</sup> | 2006 <sup>5</sup> | 2007 <sup>6</sup> |
|--------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total</b> | 24,165               | 25,978            | 23,276            | 21,586            | 21,432            | 13033             |

Table 2. Academic and Calendar Year Enrollments

|                              | 2002-03 <sup>7</sup> | 2003 <sup>8</sup> | 2004 <sup>9</sup> | 2005 <sup>10</sup> | 2006 <sup>11</sup> | 2007 <sup>12</sup> |
|------------------------------|----------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Principles<br>(# sections)   | 4546<br>(23)         | 4,617<br>(29)     | 4,405<br>(28)     | 3,905<br>(27)      | 3928<br>(30)       | 4736<br>(29)       |
| 3000 - level<br>(# sections) | 753<br>(15)          | 929<br>(26)       | 753<br>(27)       | 582<br>(19)        | 640<br>(22)        | 672<br>(20)        |
| 4000 - level<br>(# sections) | 884<br>(23)          | 825<br>(23)       | 474<br>(20)       | 521<br>(27)        | 364<br>(15)        | 733<br>(11)        |
| Graduate<br>(# sections)     | 271<br>(21)          | 311<br>(45)       | 238<br>(38)       | 279<br>(24)        | 258<br>(25)        | 233<br>(20)        |

<sup>1</sup> Student Credit Hours and Weighted Student Credit Hours by College and Department Receiving Credit, Fall 2002+ Spring 2003, 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%20/Credit%20Hours,%20Class%20Sections%20and%20Grades/Credit%20Hours/Credit\\_HR\\_SCH/current/SCH%20and%20WSCH%20by%20DRC%20SCI.htm](https://secure.hosting.vt.edu/www.irpa.vt.edu/VT_Stats/IR%20Customers%20/Credit%20Hours,%20Class%20Sections%20and%20Grades/Credit%20Hours/Credit_HR_SCH/current/SCH%20and%20WSCH%20by%20DRC%20SCI.htm).

<sup>2</sup> *Ibid.*, Spring 2003 + Summer I and Summer II 2003 + Fall 2003.

<sup>3</sup> *Ibid.*, Spring 2004 + Summer I and Summer II 2004 + Fall 2004.

<sup>4</sup> *Ibid.*, Spring 2005 + Summer I and Summer II 2005 + Fall 2005.

<sup>5</sup> *Ibid.*, Spring 2006 + Summer I and Summer II 2006 + Fall 2006.

<sup>6</sup> *Ibid.*, Spring 2007 + Summer I and Summer II 2007. Fall 2007 numbers not released.

<sup>7</sup> *Ibid.*, Fall 2002 + Spring 2003.

<sup>8</sup> *Ibid.*, Spring 2003 + Summer I and Summer II 2003 + Fall 2003.

<sup>9</sup> *Ibid.*, Spring 2004 + Summer I and Summer II 2004 + Fall 2004.

<sup>10</sup> *Ibid.*, Spring 2005 + Summer I and Summer II 2005 + Fall 2005.

<sup>11</sup> *Ibid.*, Spring 2006 + Summer I and Summer II 2006 + Fall 2006.

<sup>12</sup> *Ibid.*, Spring 2007 + Summer I and Summer II 2007 + Fall 2007.

## **GRADUATE PROGRAM**

In the Spring 2007, the department had a total of twenty-one graduate students enrolled in the Ph.D. program, all with assistantships. The class breakdown was eight first-year students, five second-year students, four third-year students, and four in their fourth or later years.

In Fall 2007, the department had a total of twenty-five graduate students enrolled in the Ph.D. program, twenty-four with assistantships and one without. The class breakdown was seven first-year students, eight second-year students, four third-year students, and six 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 twenty-one 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 one Doctoral Degree awarded in Fall 2007 to Blair Mongado. Additionally, the department awarded 5 Masters Degrees in 2007. This absolute low will not be repeated in the foreseeable future.

### **3. Curriculum Changes and Program Development**

#### **Richard Cothren**

- ECON 5015, 5016 Money and Price Level: As the sole faculty member working on the Graduate Macro sequence, continued to modify and fine tune the material.

#### **Suqin Ge**

- Econ 6104 (Labor Economics) This is a graduate level field course in labor economics. The course is motivated by questions and data on individual employment and human capital accumulation behaviors over the lifetime. The main objective is to study quantitative methods for analyzing these decisions in dynamic and stochastic environments. The course focuses on empirical econometric studies that have been developed during the last 15 years. The topics covered in the course include: (1) Some facts about the US labor market, (2) Labor market selection and compensating wage differentials, (3) Labor supply: search model and dynamic discrete choice model, (4) Human capital accumulation, (5) Marriage and child bearing, (6) Equilibrium models of the labor market. The course is developed such that it combines data, theory, and new empirical methodologies. The goal is to help graduate students develop independent research project in empirical labor.

### **Amoz Kats**

- Econ 5124 is continuing to attract more students from other departments. During Fall 2007, four Accounting students successfully completed the course.

### **Joao Macieira**

- Revised Econ 6404 to make it more empirical-oriented while covering most of the relevant topics in recent Industrial Organization theory. The course now covers Oligopoly and Collusion Models, Differentiated Demand Estimation, Production Function Estimation, Competition and Price Dispersion, Advertising and Single-Agent Dynamic Models. Evaluation covered not only regular assignments but also in-class presentations. This aims to give students experience on seminar-like presentations.

### **Aris Spanos**

- The course taught under ECON 5984 was a completely new course which was cross-listed as Phil/Econ 6334: **Philosophical Foundations of Statistical Modeling and Causal Inference**, and was taught jointly with a visiting professor of philosophy of science, Clark Glymour (Carnegie Mellon University)
- During the Spring 2007 semester, I have revised the ECON5126 course substantially and gave the students close to 400 pages of lecture notes.

### **Joe Yang**

- Developed a new Ph.D. course: Advanced Topics in Industrial Organization. The goal of this course is to teach students how to do research in Industrial Organization. Students are required to read papers before attending lectures. In lectures, the professor reviews the important literatures, talks about where the literature comes and where it goes, and helps students: 1) build the necessary empirical technique needed to do original research; 2) develop potential research topics. Students are expected to develop a research topic and proposal by the end of the course. This course is expected to make Ph.d students' transition smoother from course work to dissertation.

## **4. Graduate Student Job Placement**

The doctoral student that earned a Ph.D. during Spring 2007, continued to work at Wake Forest University in Winston-Salem, NC where he was hired during 2006. During Fall 2007, one of the enrolled Graduate Students took a temporary visiting position at William and Mary University in Williamsburg, VA.

## II. DISCOVERY

This year, department faculty published twelve articles in peer-reviewed journals. Twenty-seven articles were accepted for future publication in peer-reviewed journals. One additional article appeared or were accepted as book chapters or in other scholarly outlets. One member of the faculty is continuing to work on the manuscript for a book contract that was signed in 2005. A total of four faculty members are working on books.

Four members of the faculty won new external grants while continuing work on previous grants. Faculty gave 34 presentations at conferences and invited seminar talks at other universities.

### FACULTY PUBLICATIONS

#### 1. Papers Published in Peer-Reviewed Journals during the 2007 Calendar Year

**Gilles, R.P.**, E.A. Lazarova and P.H.M. Ruys (2007), "Stability, Specialization and Social Recognition", *Division of Labour and Transaction Costs*, 2(2), 83-109.

Chakrabarti, S., and **R.P. Gilles** (2007), "Network Potentials", *Review of Economic Design*, 11(1), 13-52.

**Haller, H.**, Kamphorst, J., Sarangi, S., (2007), "(Non-)Existence and Scope of Nash Networks," *Economic Theory*, 31, 597-604.

Chou, T., **Haller, H.**, (2007), "The Division of Profit in Sequential Innovation for Probabilistic Patents," *Review of Law & Economics*, 3, 581-609, bepress. Available at: <http://www.bepress.com/rle/vol3/iss2/art14>

**Spanos, A.**, "Philosophical Scrutiny of Evidence of Risks: From Bioethics to Bioevidence," [with D. G. Mayo], *Philosophy of Science*, 73(5), 803–816, December 2006.

**Spanos, A.**, "Curve-Fitting, the Reliability of Inductive Inference and the Error-Statistical Approach," *Philosophy of Science*, 74(5), 357-381, 2007.

**Spanos, A.**, "Risks to Health and Risks to Science: The Need for a Responsible "Bioevidential" Scrutiny," [with D. G. Mayo], in *Biological Effects of Low Level Exposures, Newsletter*, 14 (3), 18-22, 2008.

**Yang, D. T.** "The Integration of China's Urban Labor Markets" (with W. Sheng), *China Economic Quarterly* Vol. 6, No. 3 (2007). (in Chinese, a top-3 refereed journal in China)

## 2. Papers Accepted at Peer-Reviewed Journals during the 2007 Calendar Year

**Ashley, R.** (2008), Growth May Be Good For the Poor, But Decline is Disastrous: On the Non-Robustness of the Dollar-Kraay Result. *International Review of Economics and Finance*.

**Ashley, R.** (2008), Assessing the Credibility of Instrumental Variables Inference with Imperfect Instruments Via Sensitivity Analysis. *Journal of Applied Econometrics*.

**Ashley, R.** and Verbrugge, R. J. , (2009), Frequency Dependence in Regression Model Coefficients: An Alternative Approach for Modeling Nonlinear Dynamic Relationships in Time Series, *Econometric Reviews*.

Rusticelli, E., **Ashley, R.**, Dagum, E. B., and Patterson, D. (2009), A New Bispectral Test for NonLinear Serial Dependence, *Econometric Reviews*.

Komali, R.S., A.B. MacKenzie and **R.P. Gilles**, "Effect of Selfish Node Behavior on Efficient Topology Design", forthcoming in the *IEEE Transactions on Mobile Computing*.

Brink, R. van den, and **R.P. Gilles**, "The Outflow Ranking Method for Weighted directed Graphs", forthcoming in the *European Journal of Operational Research*.

Chou, T., **Haller, H.**, (2007), "The Division of Profit in Sequential Innovation for Probabilistic Patents," *Review of Law & Economics*, 3, 581-609, bepress. Available at: <http://www.bepress.com/rle/vol3/iss2/art14>

Baron, R., Durieu, J., **Haller, H.**, Savani, R., Solal, P., (2008), "Good Neighbors are Hard to Find: Computational Complexity of Network Formation," *Review of Economic Design*, 12, 1-19.

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

Durieu, J., **Haller, H.**, Querou, N., Solal, P., "Ordinal Games", forthcoming in *International Game Theory Review*.

**Salehi-Isfahani, D.**, "[Poverty, Inequality, and Populist Politics in Iran](#)," *Journal of Economic Inequality*, forthcoming.

**Spanos, A.**, "Testing for Non-stationarity using Maximum Entropy Resampling: a Misspecification Testing Perspective," (with A. Koutris), forthcoming *Econometric Reviews*, June 2008.

**Spanos, A.**, "Statistical Model Specification vs. Model Selection: Akaike-type Information Criteria and the Reliability of Inference," forthcoming *Journal of Econometrics*, 2008.

de Clippel, G., Moulin, H. and **Tideman, N.**, (2008), Impartial division of a dollar. *Journal of Economic Theory*, 139, 176-191.

**Tideman, T.N.** and Plassmann, F., (forthcoming), Paying the Partners. *Public Choice* On line at <http://www.springerlink.com/content/w1952u1147803607/> (19 proof pages).

**Yang, D. T.** “Agriculture and Aggregate Productivity: A Quantitative Cross-Country Analysis” (with D. Restuccia and X. Zhu), *Journal of Monetary Economics*.

**Yang, D. T.**, “China’s Agricultural Crisis and Famine of 1959-61: A Survey and Comparison to Soviet Famines,” *Comparative Economic Studies*. (An important field journal which is run by the Association of Comparative Economic Studies, an organization based in the U.S. with world-wide memberships)

### 3. Books

**Yang, D. T.** *Policy Reform and Chinese Markets: Progress and Challenges*, co-editors with Belton Fleisher, Nick Hope and Anita Pena, Northampton, USA: Edward Elgar Publishing.

### 4. Book Chapters and Other Scholarly Outlets. Published or Accepted for Publication During the 2007 Calendar Year

**Haller, H.**, and Mousavi, S., (2007) “Uncertainty Improves the Second-Best,” in M. Abdellaoui, R.D. Luce, M. Machina, and B. Munier (eds.): *Risk and Uncertainty: Mental, Formal and Experimental Representations*, Springer, Berlin et al., pp. 85-100.

**Salehi-Isfahani, D.**, “Human resources in Iran: potentials and challenges,” H. Katouzian and H. Shahidi (eds.) *Iran in the 21<sup>st</sup> Century*, Routledge 2007, reprinted from *Iranian Studies*, 38(1), March 2005.

**Salehi-Isfahani, D.**, “[A ‘parting gift’ that is unlikely to impress Iraqis](#)”, Letter to Editor, *Financial Times*, September 17, 2007.

**Salehi-Isfahani, D.**, “Pobreza y desigualdad en el Irán revolucionario” (Poverty and inequality in Revolutionary Iran), *La Vanguardia Dossier*, Special Issue on Iran in (*Iran por dentro*), July/September, 2007, No. 24. A widely read quarterly policy magazine published by one of Spain’s main dailies, *La Vanguardia*. This is a shorter version of my working paper “Poverty and Inequality in Revolutionary Iran: 25 years after”.

**Salehi-Isfahani, D.**, Book Review: *Class and Labor in Iran: Did the Revolution Matter?* by Farhad Nomani and Sohrab Behdad, in *Middle East Journal*, Winter 2007.

**Spanos, A.**, “Error Statistics,” (35 pages) [with D. G. Mayo] in *Philosophy of Statistics* within the *Handbook of Philosophy of Science*, Elsevier (editors) [D. Gabbay](#), [P. Thagard](#), and [J. Woods](#), forthcoming 2008.

**Spanos, A.**, “Philosophy of Econometrics,” *Philosophy of Economics* in the *Handbook of Philosophy of Science*, Elsevier (editors) [D. Gabbay](#), [P. Thagard](#), and [J. Woods](#), forthcoming 2008.

**Spanos, A.**, “Theory Testing in Economics and the Error Statistical Perspective”, (42 pages) forthcoming in *Error and Inference*, edited by D. G. Mayo and A. Spanos, Cambridge University Press, Cambridge, November 2008.

**Spanos, A.**, "Specification," entry in the *International Encyclopedia of the Social Sciences*, 2nd edition, Editor in Chief: W. A. Darity, MacMillan, London, 2008.

**Spanos, A.**, "Specification Tests," entry in the *International Encyclopedia of the Social Sciences*, 2nd edition, Editor in Chief: W. A. Darity, MacMillan, London, 2008.

**Yang, D.T.** “Policy Reforms, Private Enterprise Development and Rural Household Earnings” (with Weijia Chen), in Private Enterprise and China’s Economic Development, edited by S. Lin and X. Zhu, Routledge Publisher (May, 2007).

## **PRESENTATIONS/INVITED TALKS**

### **Richard Ashley**

- “‘Long Memory’ Versus Fractional Integration in a Time Series: Implications for Modeling”. Symposium on Nonlinear Dynamics and Econometrics, CREST-ENSAI (Paris) March, 2007.
- “On the Origins of Conditional Heteroscedasticity in Time Series”. Midwest Econometrics Group Meeting, St. Louis University, October, 2007.

### **Sheryl Ball**

- “Do Names Really Matter? An experimental economics paper on ethnic discrimination based on names” presented at Economic Science Association Annual Meetings, Tucson, Arizona, October, 2007.

### **Suqin Ge**

- IZA Workshop: Heterogeneity in Micro Econometric Models (June 2007), Bonn Germany. Paper title “Women’s College Decision: How Much Does Marriage Matter?”
- Virginia Tech (November 2007), Blacksburg Virginia. Paper title “Gender Gap in College Attainment: An Overlapping Generations Analysis.”
- Midwest Economics Association 2007 Conference at Minneapolis (March 2007).
- Society of Labor Economics 12th Annual Meeting at Chicago (May 2007).

### **Robert Gilles**

- LGS 5 (Logic, Game Theory and Social Choice conference), Bilbao, Spain, June 20-22, 2007. Title of presentation: “Stability, Specialization and Social Recognition”.
- Game Theory Seminar, Center for Economic Research, Tilburg University, Tilburg, The Netherlands, February 29, 2008. Title of presentation: “Partial Cooperation in Symmetric Games”.

- Mathematical Economics Seminar, Tinbergen Institute, Free University, Amsterdam, The Netherlands, February 18, 2008. Title of presentation: “Stable Economic Cooperation: A Relational Approach”.

#### Hans Haller

- ETH Zurich; University of Konstanz - Paper: “Ordinal Games”
- Canadian Economic Theory Meeting, HEC Montreal: “Ordinal Games”
- Midwest Economic Theory (Fall), University of Michigan: “Pairwise Interaction on Random Graphs”

#### Joao Macieira

- Virginia Tech, AAEC Dept.: “**Differentiated Products’ Demand Estimation**”
- Duke University, Oct 31st 2007: “**Extending the Frontier: A Structural Model of Investment and Technological Competition in the Supercomputer Industry**”
- Discussant for “A Dynamic Oligopoly Game of the US Airline Industry: Estimation and Policy Experiments” (by Victor Aguirregabiria and Chun-Yu Ho), Journal of Econometrics Conference *Auctions and Games*, Virginia Tech, October 2007.

#### Djavad Salehi-Isfahani

- United States Institute for Peace, Washington DC, “Is Iran Facing an Economic Crisis?” September 2007
- [Youth Exclusion in Iran: The State of Education, Employment and Family Formation](#), with Daniel Egel, Dubai Forum on Middle East Youth, Dubai, Feb 28-29, 2007
- A statistical analysis of Iran’s 2005 presidential election,” with Hadi Esfahani and Ali Hashemi. ERF 14<sup>th</sup> annual conference, Cairo Dec 28-30, 2007.
- Discussant, ERF 14<sup>th</sup> annual conference, Cairo Dec 27-29 2007.

#### Aris Spanos

- **April 18.** *University of Cyprus, Dept. of Economics: "Statistical Model Specification or Model Selection? Mathematical Approximation versus Statistical Inference"*
- **March 9.** A conference on "Confirmation, Induction and Science" (March 8 -10, 2007) at the London School of Economics (London, England), jointly organized with the University of Pittsburgh, presented a paper entitled: “*The Curve-Fitting Problem and the Error Statistical Approach*”
- **June 1.** A conference on "Econometric Theory and Practice," in honor of Phoebus J. Dhrymes, June 1-3, 2007, presented a paper: “*Statistical Model Specification vs. Model Selection: Akaike-type Information Criteria and the Reliability of Inference*”
- **June 7.** A conference on "Meteorology Meets Social Science: Risk, Forecast and Decision," June 6-8, 2007, Exeter, England, presented a paper entitled: “*On Modeling the Global Temperature Data: the Error Statistical Perspective*”
- **June 23.** North American Meeting of the Econometrics Society 2007, (June 21-24), Presented a paper entitled: “*Testing for Non-stationarity using a Resampling Testing Procedure*”

- **August 24.** A conference in honor of David F. Hendry, held at Oxford University, England, August 23-25, presented a paper entitled: *“Sufficiency and Ancillarity Revisited: Testing the Validity of a Statistical Model”*
- **October 12.** A conference on Integrated History and Philosophy of Science, held at the University of Pittsburgh, October 11-14, presented a paper entitled: *“The Discovery of Argon: A Case for Error-Statistical Reasoning?”*

#### **Nicolaus Tideman**

- “Toward a better theory of human action” (with Shabnam Mousavi), Center for Applied Behavior and Cognition of the Max Plank Institute, Berlin, March 21, 2007.
- “Liberty and justice for all,” University of Montreal, Sept. 17, 2007
- “Toward a better theory of human action” (with Shabnam Mousavi) presented at the joint U.S./European meetings of the Public Choice Society in Amsterdam, April 1, 2007.

#### **Dennis Yang**

- Chinese Academy of Social Sciences
- Shanghai University of Finance and Economics
- Tsinghua University
- University of Hong Kong

### **NEW EXTERNAL GRANTS**

#### **Sheryl Ball**

- **NEW GRANT:** NSF Wireless Internet Center for Advanced Technology grant, Tamal Bose PI. I am senior faculty on this \$350,000 grant through which Virginia Tech joins a multi-university research center. (Funded as of February 2008).
- With **Catherine Eckel** continued work on the WITS Grant project.
  - NSF Grant “Collaborative Research: WITS: A Wireless Interactive Teaching System.” I am PI. Collaborative grant with Catherine Eckel, University of Texas at Dallas. \$375,000. (DUE-0618646)
- Continued work on the NSF Grant “ProWIN An Enabling Technology for Wireless Networks – The VT Cognitive Engine”. I am co-PI on this grant with Charles Bostian from Electrical and Computer Engineering as PI. This grant will study a new wireless technology called Cognitive Radio. I am working on pricing models for the service that will be created. \$1,409,704. Grant is currently active.

#### **Robert Gilles**

- **NEW GRANT:** Grant #B46-368, visitor grant of the Netherlands Organization for Scientific Research (NWO), January-March 2008, 3150 euro (\$4700 equivalent). Principal investigators: A.J.J. Talman, P.H.M. Ruys and R.P. Gilles. Description: This grant was awarded to cover lodging and travel expenses related to my visit to Tilburg University, Tilburg, the Netherlands, during my research leave in the Spring 2008 semester. During this period I conducted research with several faculty members at the Free University, Amsterdam, as well as at Tilburg University, Tilburg, the Netherlands.

#### **Dennis Yang**

- (Continuing) Principle investigator: “Economic Analysis of China’s Population Policies” (\$10,000). This research project is sponsored by CCK Foundation and Asian/Pacific Studies Institute, Duke University.
- **NEW GRANT:** Acquisition of China’s Urban Household Survey Data 1988-2006; a collaborative research project with the Urban Household Survey Division of China’s National Bureau of Statistics. Sponsoring agency: China Center for Economics and Business, The Conference Board. Grant amount: US\$4,000.
- **NEW GRANT:** “Globalization and China’s Evolving Labor Market,” Direct Grant of The Social Science Panel, Chinese University of Hong Kong, 2008-2009. Grant amount: US\$12,000.
- **NEW GRANT:** “China’s Evolving Wage Structure: Trends and International Comparisons,” Hong Kong Institute of Asian-Pacific Studies, Chinese University of Hong Kong. Grant amount: US\$7,500.

#### **Djavad Salehi-Isfahani**

- **(Continuing)** “Family Planning and rural fertility in Iran: a study in program evaluation” Gender Economic Research and Policy Analysis (\$6000)
- **NEW GRANT:** PI, “Returns to education in Egypt, Iran and Turkey,” Economic Research Forum (\$19,500). Funding a graduate student this year.
- **NEW GRANT:** PI, “Evaluating the impact of Iran’s Health and Family Planning Program on Fertility and Education in Iran,” Global Development Network (\$120,000).

#### **DEPARTMENT SEMINARS AND CONFERENCES**

The department continued its twice-a-week seminar series with some distinguished outside speakers as well as Economics faculty. We also intensified our efforts to host small conferences at the Virginia Tech campus.

### III. ENGAGEMENT

Department faculty was engaged in a variety of outreach activities this year. Notable activities included the continuing program with Sungkyunkwan University in Korea. Graduate students from Sungkyungkwan came to Virginia Tech every January for a one-month special course in Applied Econometrics. This program was developed by Aris Spanos, who continues to teach the course.

A detailed list itemized by faculty member follows.

#### **Richard Ashley**

- Served as Director of Graduate Studies

#### **Sheryl Ball**

- Attended LEAD (Leadership Excellence for Academic Diversity) workshop in Seattle, Washington July 8-10, 2007. NSF ADVANCE sponsors this workshop for Science, Engineering and Mathematics Department Heads.
- Participated in Dimensions in Management Workshop, June 20, 21, and 22. This workshop was sponsored by Virginia Tech Leadership Development.
- Participated in two weeks of the 2007 VT STARS (Summer Training Academy for Rising Students) program. This is a program for junior high school students from minority and low-income backgrounds who are considered at “high risk” of dropping out of school before they have completed enough education to be successful in the workplace.

#### **Richard Cothren**

- University of Memphis: At the request of its department head, evaluated the research record of a Memphis economics faculty member. (This was in support of the faculty member’s nomination for a University of Memphis research award.)

#### **Suqin Ge**

- Through the invited seminars and conferences listed above, I have received comments on my papers, made good contacts, and increased visibility in the profession.
- The research collaborations with Dr. Fang Yang at SUNY-Albany and Dr. Dennis Yang at Virginia Tech help me develop two lines of exciting research. Dennis and I also wrote a grant proposal together on our project on China’s labor market.
- I applied and was accepted to Grant Writing Institute during May-June 2007, sponsored by Office of the Vice President for Research, College of Science, and the Graduate School. The workshop helped to improve my ability to write high quality grant proposals.

#### **Robert Gilles**

- Visit to Tilburg University in June 2007.  
During June 2007 I stayed at the Center for Economic Research at Tilburg University, Tilburg, The Netherlands. During this relatively short visit I initiated new research projects with Pieter Ruys and Dolf Talman. I also made arrangements to have a

much more extended visit to CentER in the first half of the Spring 2008 semester while I am on sabbatical research leave from Virginia Tech.

- Stay at Tilburg University, January-March 2008.

In the current Spring 2008 semester I am on a research leave from Virginia Tech. The first half of this semester I have spent at the Center for Economic Research at Tilburg University, as arranged during my visit in June 2007. This stay was supported by a visitor grant from the Netherlands Organization for Scientific Research (NWO).

During my visit to CentER I worked intensively on multiple new research projects with Pieter Ruys and Dolf Talman from Tilburg University as well as Rene van den Brink from the Free University in Amsterdam. The research outcomes with Pieter Ruys are now being prepared to be submitted to the *American Economic Review*. The remaining outcomes of these research efforts are listed as “work in progress” in the section on my scholarly activities.

### **Hans Haller**

- Guest Professorship at ETH Zurich (June and July)

### **Joao Macieira**

- Journal of Econometrics Conference: Auctions and Games, Virginia Tech, October 2007.

### **Djavad Salehi-Isfahani**

- Funded Ph.D. Candidate, Ali Hashemi on ERF Grant
- Invited Paul Krugman for a public lecture on “The Future of Health Care”, 4/10/07
- Raised funds for a campus talk by Rashid Khalidi, invited by the Middle East Working Group at VT, 4/27/07.
- Phone conference with staff members of the Senate Banking Committee as part of the preparation for Senator Dodd’s Hearing on Iran Sanctions, 2/15/07.
- Discussed Iran’s economy with Neil MacFarquhar of NYT, 2/5/07
- Interviewed by Andrew Higgins of *Wall Street Journal*. Quoted two statements from me in his article WSJ May 18, 2007, Page A4.
- Interviewed by student reporter for CT, Brittney R. Davis. I was quoted in her story "U.S. Senate votes in favor of raising minimum wage" 2/13/07 Collegiate Times.
- Consulted Joanne Anderson, freelance writer for the *Blue Ridge Business Journal* on an article she was writing on Virginia’s economy and global competition. 8/15/07
- Attended ISCE Visioning Session, 10/8/2007
- Attended conference on Democracy in an age of networked governance, Virginia Tech, March 2-3, 2007.

### **Aris Spanos**

- Organized (with Steven Durlauf) a conference entitled: "Econometric Theory and Practice," in honor of Phoebus J. Dhrymes, June 1-3, 2007, Paphos, Cyprus; see the attached program.
- **Jan. 15- Feb. 11.** I taught a month-long intensive 24 hour course to 23 visiting graduate Korean students (Dept. of Economics, SungKyunKwan University) on **Applied Econometrics**.

**Nicolaus Tideman**

- Traveled to Hanoi to promote tax reform, March 8 to 16, 2007.
- Presented the paper “Local Money and the Just Distribution of Seigniorage” at a conference of the American Monetary Institute in Chicago, September 29, 2007.
- Attended the biennial international meeting of the International Association for the Philosophy of Law and Social Philosophy in Krakow, Poland, August 1-6, 2007.

**Steve Trost**

- Attended a number of seminars both in the Economics department and in the Agricultural Economics department since starting here in August. These seminars are important because they expose me to different research techniques and to subjects outside my field. Such expose can help tremendously in my future research.
- Attended a number of seminars given by the Faculty Development Institute (FDI) focused on using technology in the classroom. Along this line, I have also worked to familiarize myself with the latest teaching technologies available in economics. This entailed talking to and meeting with representatives of the major publishing houses. As teaching becomes more and more reliant on technology (especially in the large classes I normally teach), knowledge of available technology will be increasingly essential.

**Dennis Yang**

- In the summer of 2007, serving as Senior Fellow at the Center for China in the World Economy (CCWE) at Tsinghua University, Dr. Yang had opportunities of disseminating my research findings on China’s labor markets. He participated in several economic policy-oriented meetings on issues regarding foreign direct investment in China, China’s productivity changes, and Korea-China economic relationships. These activities involved policy makers, media, and leading scholars in China.
- Serving as Senior Advisor to The Conference Board’s China Center for Economics and Business, Dr. Yang had the opportunity to discuss various topics on the Chinese Economy with economists and world business leaders, such as the Board of Directors of Reuters, The Council of Economists of the European Union, and Off-shoring and Outsourcing Council of The Conference Board.

**Joe Yang**

- Attended a conference on the econometric methods for Auctions and Games organized by the Journal of Econometrics and Virginia Tech, Agricultural and Applied Economics

## IV. DIVERSITY ACTIVITIES

We are well represented internationally in both our faculty and graduate students. We have currently two female faculty members, that is fewer than in the past. Dr. Nancy Lutz has served as Associate Head until August 2007. Since August, Dr. Sheryl Ball has served as Associate Head. Diversity has been and continues to be a key concern in recruiting. All interviews at the job market meetings were conducted by Dr. Ball and/or Dr. Haller together with other faculty members. Almost all female candidates were interviewed by at least one female faculty member. Among the candidates interviewed in New Orleans, about 30% were female. Three of the seven top ranked candidates were female. One made the short list of five invited for campus visits. We ended up hiring an Asian male candidate who met our programmatic needs and scholarly expectations best. All of our incoming graduate students are international, except for one; and six of the eight are female. This will expand the diversity of our graduate student population considerably with respect to gender.

Filled a full time instructor position with an Eritrean faculty member.

Dr. Suqin Ge is working on a paper titled, “Marriage, Intergenerational Schooling Effect, and Gender Gap in College Attainment” which studies gender differences in college attainment in the U.S. Additionally, Dr. Ge discusses labor market discrimination in her Econ 6104 Labor Economics course.

Dr. Sheryl Ball attended LEAD (Leadership Excellence for Academic Diversity) workshop in Seattle, Washington July 8-10, 2007. NSF ADVANCE sponsors this workshop for Science, Engineering and Mathematics Department Heads.

Dr. Sheryl Ball participated in two weeks of the 2007 VT STARS (Summer Training Academy for Rising Students) program. This is a program for junior high school students from minority and low-income backgrounds who are considered at “high risk” of dropping out of school before they have completed enough education to be successful in the workplace.

## V. SERVICE

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

### **Richard Ashley**

- Served as chair of the Department Graduate Policies Committee
- Served as co-chair for the joint ECON-AAEC Graduate Policies Committee
- Served on the Qualifying Exam Committee
- Served on the College Honorifics Committee
- Served with the Faculty Search Committee (including interviewing at AEA meetings)
- Chaired the econometrics subcommittee of the Faculty Search Committee and participated in the interviews at the AEA meetings.
- Refereed one journal article
- Refereed on grant proposal
- Mentoring:
  - Ph.D. committees – Crawford, Katsoridas, Pan, Radhakrishnan, Romero, Zhong (in ESE Dept.)
  - Ph.D. (Co-chair) – Chowdhury, Radhakrishnan
  - MA committee – Shapiro (finished)

### **Sheryl Ball**

- Chair of Undergraduate Advising Academy
- Chair-Elect of Diggs Teaching Scholars
- Academic Roundtable (Associate Deans for Academic Affairs)
- Commission on Faculty Affairs
- Commission on Undergraduate Studies and Policies
- College of Science Curriculum Committee
- Committee on Undergraduate Curricula
- Referee for American Economic Review, Economic Inquiry, Journal of Economics Education, Journal of Behavioral Decision Making, Journal of Feminist Economics, National Science Foundation, Organizational Behavior and Human Decision Processes and Southern Economics Journal.
- Serves on 4 committees in economics, 2 in electrical and computer engineering, and 1 in accounting
- Provided heavy undergraduate advising in the College of Science Dean's office.

### **Richard Cothren**

- Faculty Senate, beginning Fall 2006.
- Departmental Executive Advisory Committee
- Departmental Faculty Search Committee
- Departmental Graduate Program Committee
- Departmental Undergraduate Curriculum Committee
- Departmental Qualifying Exam Committee
- Departmental FAR Committee
- College of Science Curriculum Committee

- Univeristy Athletic Committee (COS representative, serving first of a three year appointment)
- Referee for *Journal of Economic Growth*
- Advised Ravishekhar Radharishnan on the 3<sup>rd</sup> year paper required of departmental graduate students.

### **Suqin Ge**

- Department Recruiting: In January 2007, assisted the faculty search committee in economics in conducting first-round interviews at the American Economic Association Meeting in Chicago. serve on the faculty search committee for the 2007-08 recruiting season. In November and December, participated in screening the job applications.
- Graduate Program Committee: I actively engaged in the admission of new graduate students from China. In February 2007, I read approximately 50 applications from China, reported to the committee, and helped select qualified Chinese students to our graduate program. For the 2007-08 academic year, I am a member of Graduate Program Committee and I have been performing regular duties.
- Discussant for Midwest Economics Association 2007 Conference, at Minneapolis (March 2007).
- Discussant for Auctions and Games: A Conference for the Journal of Econometrics Annals Issue, at Virginia Tech (October 2007).
- Referee for *European Economic Review* on the paper “Life Cycle Employment and Fertility Across Institutional Environments” by Daniela Del Boca and Robert Sauer.
- Referee for *Economics of Education Review* on the paper “ Do All Diplomas Look Alike? Comparing First Three Years of Israeli College and University Graduates on the Labor Market.”
- Referee for NSF on the proposal “Social Interaction and Hours of Work” by Henry Saffer.
- Provided several letters of recommendation for students.
- Served as a Ph.D. Committee Member for:
  - Oliver Chen (4<sup>th</sup> Year)
  - Wilson Sheng (3<sup>rd</sup> Year)
  - Ali Hashemi (3<sup>rd</sup> Year)

### **Robert Gilles**

- Served on the Departmental hiring/search committee
- Served on the Graduate Program Committee (GPC) of the joint graduate program in economics.
- Served on the Qualifying Exam Committee of the joint graduate program in economics with the AAEC department.
- Served on the Departmental Undergraduate Curriculum Committee
- Associate Editor, since 2004, of *Division of Labour and Transaction Costs*, a peer-reviewed journal focusing on institutional and Smithian approaches to economic development.
- Acted as a referee for the following peer reviewed game-theory and economics journals: *Journal of Political Economy*, *Mathematical Social Sciences*, *American Economic*

*Review, Journal of Public Economics, and the Journal of Institutional and Theoretical Economics*

- Undergraduate advising and mentoring for an honors student.
- Graduate advising and mentoring for 5 students (2 at Virginia Tech), including participating in defense committees as well as 2 students at Mobile and Portable Radio Research Group.

### **Hans Haller**

- Department Head beginning in Fall 2007
- Served on the COS Honorifics Committee
- Served on Departmental Graduate Program Committee
- Organized seminar speakers for departmental seminar series.
- Served on the COS Promotion and Tenure Committee.
- Referee for *American Economic Review, Annals of Operations Research, European Journal of Operational Research, Mathematical Social Sciences.*
- 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, Constantinos Charalambous, Jaideep Chowdhury, Andre Crawford, Reza Kheirandish, Dongryul Lee
- Dissertation Committee Member for Hojjatallah Ghandi
- Advising Committee Member for Zhengzheng Pan, Juqi Lui (ISE)

### **Amoz Kats**

- University Honor System counselor.
- Served as Co-Chair on the joint ECON-AAEC Ph.D. Qualifying Exam Committee: wrote, composed, and graded exam problems and papers.
- Served on the Departmental search and hiring Committee.
- Member, departmental Graduate Program Committee
- Member, Honors Students Scholarship Selection Committee
- Referee for *Games and Economic Behavior* and *Journal of Regional Science*
- Adviser to undergraduate students majoring in Economics in the College of Business.
- Mentor to Brad Shapiro who is majoring in Economics and Mathematics with additional work in History and in Engineering. Among others, I worked with him last summer on Mathematical Economics (the equivalence of Econ 5124) as well as various problems in Economic Theory.
- Mentored Tory Smith in developing and submitting his application and portfolio for the **Wayne and Clair Horton Scholarship**. This is a very competitive scholarship for honors students. It provides funds for special and specific projects that the winner plans and will participate in outside the US. Tory did win this scholarship (the final interview was conducted in March 2008).
- Provided letters of recommendation for numerous freshmen and sophomore honors students applying for different scholarships.
- Served on Advisory Committees for Andre Crawford and Dongryul Lee.

### **Nancy Lutz**

- Career Advisor
- Member, Department Executive Committee
- Member, Department Recruiting Committee
  - Chaired “Applied Micro” team that screened several hundred applications for our applied micro positions.
  - Coordinated hotel and other travel arrangements for the AAEC meetings.
- Served as de-facto advisor for the BA/MA program until Rob Gilles was officially appointed to fill in for Nic Tideman.
- Department representative to the Pamplin Awards Committee (for student awards and scholarships) and the Pamplin Commencement Committee.
- Chair of the department’s Teaching and Awards committee.
- Associate Editor of the *Journal of Industrial Economics*
- Referee for the *American Economic Review*, *International Game Theory Review*, *Journal of Law, Economics, and Organization*, *NSF*, and the *Southern Economic Journal*.
- Graduate Advising / Ph.D. Committees: Darron Thomas, Zhengzheng Pan, Blair Mongado, Sibel Attasoy (AAEC)

### **Joao Macieira**

- Member of departmental Recruiting Committee
- NSF Proposal reviewer
- Discussant for “A Dynamic Oligopoly Game of the US Airline Industry: Estimation and Policy Experiments” (by Victor Aguirregabiria and Chun-Yu Ho), Journal of Econometrics Conference *Auctions and Games*, Virginia Tech, October 2007.
- Dissertation Committee Member for Prasun Bhattacharjee, Ali Hashemi, Ramakanta Patra

### **Djavad Salehi-Isfahani**

- Served on Departmental Graduate Programs Committee (admissions and curriculum)
- Served on Departmental Qualifying Exam committee
- Served as Departmental Working Paper Coordinator
- Chaired the Program Committee on Labor and Demography for the 14<sup>th</sup> Annual Conference of the ERF, held in Cairo Egypt, December 28-30, 2007
- Refereed articles for *The Energy Journal*, *Current Sociology*, *Feminist Economics*
- Graduate Advising Committee member:
  - Blair Mongado (defended February 2007)
  - Ali Hashemi (3<sup>rd</sup> Year)
  - Gentian Kostandini (AAEC)
  - Eftila Tanellari (AAEC)
  - Jackline Bonabana-Wabbi (AAEC)
  - Golnaz Taghvatalab (2<sup>nd</sup> Year)
- Summer research supervision: I worked closely with graduate student Ali Hashemi on a research project on an empirical analysis of Iran’s 2005 presidential election, for which he was funded by a \$1000 summer grant from the Economics Department. Trained him in statistical software (STATA).

### **Aris Spanos**

- Served on Executive Committee
- FAR Committee Chair
- Seminar Series Coordinator
- Treasurer of Phi Beta Delta
- Refereed for *Journal of Econometrics*, *Econometric Reviews*, *British Journal for the Philosophy of Science*, *Journal of Economic Methodology*, *NSF*
- Graduate Committee Chair for:  
    Alfredo Romero, Dimitris Katroridas, and Nikolaos Artavanis
- Graduate Committee Member for Ali Hashemi, Zhengzheng Pan, and Liugang Sheng

### **Nic Tideman**

- Served as Chair of Teaching Awards Committee
  - Negotiated the teaching awards that the Department awards at Graduation.
- Hosted several job candidates on their visits to campus and helped promote the department to one candidate who accepted our position.
- Economics representative to the College of Science Cluster Committee
- Reviewed manuscripts for *Public Choice* and *Economic Inquiry*.
- Advisor for one-third of College of Business undergraduate majors (about 50 students)
- Advise students who are interested in our 5-Year B.A./M.A. program
- Helped six to eight students in developing career plans.
- Advised and provided successful recommendations for several undergraduate students
- Dissertation Committee Member for Joseph Mazor, Political Economy program at Harvard
- Mentoring: Continue to give career advice to Shabnam Mousavi, (Ph.D. 2003).

### **Steve Trost**

- Served as Coordinator for the Principles of Economics courses by working with other faculty to find ways to improve consistency across the various Principles courses/sections and beginning the process of deciding on a new texts for the Principles sequence (2005, 2006)
- Actively participated in the faculty recruitment by attending the seminars, reviewing portfolios and providing input to the hiring committee
- Referee for *Southern Economic Journal*

### **Dennis Yang**

- Departmental Recruiting: Chair for 2006-2007, worked closely with the recruiting committee and the interim chair. Helped conduct first-round interviews at the American Economic Association meetings, prepare bibliographic descriptions of the candidates for CHC review, host candidates' campus visits, and participated in all other aspects of departmental recruiting. I worked very closely with the interim chair to carry out a flexible recruiting plan to follow up with all promising candidates during the recruiting process.
- Served on the University International Research Advisory Committee.
- Member of Executive Committee

- Co-Organizer, Friday Applied Economics Seminars
- Member of Special Task Force on Chinese Studies
- Graduate Program Committee
  - Admission and recruiting of new graduate students from China.
  - Read and reported on approximately 30 applications from China.
- Faculty Annual Review Committee
- Served on Editorial Advisory Boards of: *China Economic Review*, *Comparative Economic Studies*, and *Pacific Economic Review*.
- Served as a referee for: *American Economic Review*, *China Economic Review*, *Economic Development and Cultural Change*, *Economic Journal*
- Graduate Advising:
  - Dissertation Committee Chair:
    - Blair Mongado (fifth year): Provided guidance for the completion of his Ph.D. thesis
    - Oliver Chen: provided guidance for his third year paper, which studies health and labor market issues using a Chinese data set. Oliver did not finish his third year paper, however, due to his rapidly deteriorating health conditions.
    - Wilson Sheng: Provided guidance for his third year research
  - Dissertation Committee Member:
    - Dongryul Lee (4th year economics), Xiang Xue (Agriculture and Applied Economics), Eftila Tanellari (Agricultural and Applied Economics), Elton Mykerezi (Agricultural and Applied Economics), Chengqiu Wu (Political Science and Urban Planning).
  - Wrote numerous letters of recommendation for both undergraduate and graduate students.

### **Joe 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
- Reviewed a Grant Proposal for the National Science Foundation
- Provided recommendation letters and advising for a student

## VI. HONORS & AWARDS

- **Dr. Rob Gilles**, Renewed honorary fellowships at:
  - The Center for Economic Research (CentER) at Tilburg University, Tilburg, the Netherlands
  - The Center for Increasing Returns and Economic Organisation (CIREO) at Monash University, Melbourne, Australia.
- **Dr. Amoz Kats**, Undergraduate Teacher of the Year
- **Dr. Dennis Yang**, Nominated to serve as an Executive Committee Member of the Hong Kong Economist Association.

## VII. DEPARTMENTAL ADMINISTRATIVE ACTIVITIES

### FACULTY RECRUITMENT AND ADDITIONS

The department committed considerable thought and energy into the recruitment of new faculty members. We were pleased to have Drs. Zhou Yang, University of Michigan and Joao Macieira, Northwestern University joining our department in August, 2007. We further were successful in extending a spousal hire offer to Dr Stephen Trost, University of Virginia. He joined the department in August as a Visiting Assistant Professor. Dr. Sheryl Ball is returning to the department full-time from the Dean's office.

At the beginning of academic year 2007-08, 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 macroeconomics, we where found ourselves in dire need of a second expert after the departure of Dr. Mello. We would also advertise for specialists in international trade, finance or macro. After the originally expected two positions were reduced to one, we decided to keep both fields in our job description. Our ad attracted more than 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 New Orleans in early January. We invited the most promising candidates to campus and made one offer which was accepted. We are pleased to welcome Dr. Kwok Ping (Byron) Tsang, University of Washington, Seattle, who will join us in August, 2008. Dr. Gebremeskel Gebremariam, West Virginia University, joined us as a full-time instructor in Spring 2008. Dr. Earl Davis, Clemson University, will be a Visiting Assistant Professor in 2008-09.

### FACULTY DEPARTURES

The gains in new faculty have been offset by departures. Dr. Jeffrey Yau was on unpaid leave and decided not to return, officially resigning Spring 2007. Dr. Marcelo Mello, returned from a year-long leave and then resigned Spring 2007 for a position in Brazil. Dr. Debra Mayo (50% FTE) who was on leave in 2006 officially left the department in Spring 2007. Dr. Nancy Lutz left us in August 2007 to work at the NSF, Dr. Kyung Baik who was a Visiting Professor is returned to Korea following the Spring 2007 semester. Dr. Dennis Yang was on study-research leave during Fall 2007. Dr. Robert Gilles has accepted a chair at Queen's University Belfast and plans to depart after the academic year 2008-09.

## 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.

## STAFF CHANGES

The department hired a new graduate administrator in January 2007. Additionally, the department been using a temporary worker to fill in in the fiscal technician position; that employee was officially hired for full-time employment in March 2007. These individuals both work very diligently and have added stability to the department.

## 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 the necessary 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. 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 three most critical tasks for the coming years: **recruitment, recruitment, recruitment.** 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.

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. While we were successful in recruitment of new faculty this and last year, the faculty size remains the same. We know already of one future departure. We suspect another two faculty member may accept other positions. So until the number of new faculty exceeds the departures we are just maintaining a critically small department. The current shortfalls in faculty positions are all in core areas of economics. Given the anticipated departure, the most urgent need for the next search will be in microeconomic theory, hopefully at the senior level.