

# LAFAYETTE Economics & Business

— A Newsletter for Economics and Business Alumni and Students —

## Lafayette Partners with Rochester's Simon Graduate School of Business



From left are Mark Zupan, dean of the Simon Graduate School of Business; Michael Kelly and Sheila Handy, both assistant professors of economics and business; Mark Crain, Simon Professor of Political Economy; and J. Peter Simon '75, Lafayette trustee and member of the Simon School's Executive Advisory Committee.

**I**N FEBRUARY, Lafayette and the Simon Graduate School of Business Administration at the University of Rochester finalized a "direct admission agreement" that will provide Lafayette students with the opportunity to be nominated for a Simon Early Leaders Scholarship award. This relationship revolutionizes the admissions process and the theory behind it.

The partnership with the Simon School of Business provides Lafayette students with a direct connection to one of the nation's premier graduate institutions. *U.S. News & World Report* recently ranked the Simon School 23rd in the nation for business, 12th for finance, and 17th for accounting.

The Simon School aims to draw the best and brightest applicants to lead in the business world, without applying restrictive requirements such as prior work experience. The Early Leaders Program is based on the Simon School's philosophy that prior work experience may not be necessary. The Simon School of Business prides itself on enrolling qualified applicants directly out of undergraduate institutions, and has helped such students grow to become some of their most successful alumni.

(continued on page 4)

## FACULTY RESEARCH

### Studying 19th Century Black Entrepreneurship

**H**OWARD BODENHORN, professor of economics and business, and **Qiong Wu '09** will study small businesses established by antebellum-era black populations in four cities with support from the Ewing Marion Kauffman Foundation. Bodenhorn received a grant from the Foundation that supports initiatives in entrepreneurship and education.

Bodenhorn will examine the antebellum-era black populations of Baltimore, Md.; Charleston, S.C.; New Orleans, La.; and Petersburg, Va. Wu will help during the summer with data gathering, cleaning, and interpretation through the grant and the EXCEL Scholars program.

This summer Bodenhorn will study records from R. G. Dun & Company at the Baker Library, Harvard University. These reports on small businesses provide detailed contemporary assessments by Dun's agents about the business practices and credit worthiness of most business owners. Along with data from the 1860 census and contemporary city directories, he hopes to paint a more accurate portrayal of black entrepreneurship, focusing on changing patterns of ownership and entrepreneurship in the antebellum era.

"I want to find out what business opportunities were available to those who had the entrepreneurial drive," he says. ■



## Researching Oil Prices and Macroeconomy

**I**NTERNATIONAL economics and commerce major **Huong Nguyen '08** is working with **Julie K. Smith**, assistant professor of economics and business, as an EXCEL scholar gathering data for an ongoing research project. The project, "Oil Price Shocks: Revisited," re-examines the evidence of the link between oil prices and the macroeconomy.

The project's goal is to separate endogenous changes in oil prices from those that develop due to exogenous events. A correctly specified model will serve as an invaluable policy tool. Nguyen is gathering historical data on petroleum production and consumption as well as other macroeconomic variables. The project is co-authored by Niamh Sheridan of the International Monetary Fund. ■



**Maurice Bennett '06** wrote an honors thesis on wealth discrimination and poverty in America under the guidance of Susan Averett (above), professor, and Sheila Handy, assistant professor.

#### **Maurice J. Bennett**

*"Racial Wealth in America: Why Whites Build and Blacks Don't"*

Black incomes are 60 percent of white incomes, yet blacks had just 40 percent as much in savings accounts, 20 percent less in tax-deferred individual retirement accounts, and an astounding 30 percent of white net worth. Bennett argues that blacks are less likely to invest because they are more likely to experience divorce, to live in poverty, and have lower average number of years of schooling. Among blacks that invest, however, their investment performance rivals that of whites.

#### **Martha Osier**

*"The Optimal Debt Relief Option for Poverty Reduction in Nigeria"*

Is Nigeria's debt relief deal with the Paris Club of donors an optimal strategy for reducing poverty? The Paris Club donors have

## Class of 2006 Honors Projects

agreed to write off 60 percent of Nigeria's external debt in exchange for a cash payment of about \$12 billion. Osier compares this choice to several alternative debt reduction strategies to see if it will achieve its target for poverty reduction. Each option is evaluated based on future aid flows, increased private investment, and whether it encourages Nigerian commitment to domestic reforms.

#### **Daniel Rosenblum**

*"Wireless Telecommunications Market Structures across Countries"*

The wireless telecommunications industry provides an interesting case study of the effects of market concentration on market efficiencies. Telecommunications is of particular interest because it is characterized by economies of scale, well-defined markets, and extensive government regulation. Comparing quarterly data on 47 countries, Rosenblum is studying how each of these factors influences prices paid by subscribers.

#### **Daniela Simova**

*"Effectiveness of AIDS Prevention Programs in Sub-Saharan Africa and Behavioral Change as the Channel for Improvement"*



The AIDS epidemic is one of the most important global concerns today because, beyond its biological effects, it poses a threat to labor participation and health care costs in many countries.

This is particularly true for Sub-Saharan Africa, which has about two-thirds of the world's AIDS cases. Given the magnitude of the problem, the allocation of resources between prevention and treatment takes center stage. Those taking the long view argue that resources are better spent on prevention, and this study evaluates that case. By identifying the channel through which prevention

efforts have the largest effects, Simova's study will inform policy by suggesting more focused future resource allocations.

#### **Jose Crisanto S. Tano**

*"Predicting Sales of Hardcover Books: An Econometric Model of Fictional Works"*

Common wisdom holds that either an author's reputation or the public exposure it receives is the most important determinant of a novel's sales. An econometric analysis of average monthly sales shows that both factors strongly influence sales, after controlling for other factors. Interestingly, Tano finds that sales for female authors are lower than for males.



#### **Thomas H. Palmer**

*"The Effect of French Labor Laws on the French Labor Market and Economy, 1977-2003"*

Two features loom large in discussions of the French economy: 25 years of relatively low economic growth and high unemployment rates. Palmer's thesis investigates the economic and political developments that have encouraged the French government to pass restrictive labor legislation, including laws that discourage the firing of workers and reductions in the work week. Palmer then develops an econometric model to reveal the effect of these laws on labor force participation and capital investment. He estimates the percentage reduction in GDP growth that results from these laws. ■

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## LAFAYETTE

A NATIONAL REPUTATION FOR ACADEMIC EXCELLENCE

## Creativity and the Life Cycle

by Howard Bodenborn

**A**T WHAT AGE do people reach their creative potential? Mathematicians think creativity peaks early. One study of academic economists revealed that creativity peaks later, typically in the person's 40s or 50s. Nevertheless, one of the most prestigious awards in economics — the John Bates Clark medal — is awarded biannually for significant research achievements before age 40. Many of the recipients of the Nobel Prize in economics were Clark medalists, suggesting that early achievement is either rewarded twice or heralds a life of continued accomplishment.

In *Artistic Capital*, David Galenson studies the careers of artists, poets, and novelists to gain a deeper understanding of the creative impulse and when it peaks. Using statistical analysis familiar to economists and more traditional approaches to art history, Galenson uncovers two kinds of innovators. The first type he labels *experimental innovators*; the second he labels *conceptual innovators*.

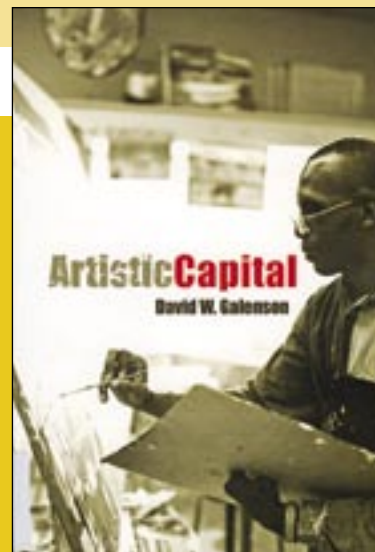
Experimental innovators, according to Galenson, do not produce a single most important work because their innovation emerges gradually as the artist works through a series of studies, many of which the artist considers failures. For the experimental innovator, there is no single piece that heralds a breakthrough. Instead, the artist struggles to find the best way to represent his or her subject. Because experimentalists are gradualists who proceed

“tentatively and incrementally,” their most important works appear late in their careers, even into their 60s and 70s.

Conceptual innovators, on the other hand, tend to be more concerned with expressing a particular idea or emotion and seek new ways of doing so. In their quest, conceptualists generate reams of preliminary sketches, plans, and studies before executing a single breakthrough masterpiece. Unlike experimentalists, conceptualists appear unexpectedly and their breakthrough pieces often mark a radical shift in approach. Because conceptual breakthroughs occur before the artist becomes tied to an existing method, conceptual innovators tend to produce their most famous works early in their careers.

Cezanne was the classic experimentalist whose most important works appeared in his seventh decade. As with most experimentalists, he rendered the same subject repeatedly and only rarely considered a painting completed. Among the moderns, Picasso was the quintessential conceptual innovator. His *Les Femmes d'Alger (O. J. Version O)* is considered by art historians to be the single most important modern work, which was produced, remarkably, when he was just 26 years old.

In a later chapter, Galenson shows that the market agrees with his assessment of the ages at which artists produced their most important works. He compiled the prices of 278 of Cezanne's works and an astounding 1,170 of



**Artistic Capital** by David W. Galenson, Routledge Press, 2006

Picasso's works sold at auction between 1970 and 1997. From this information, Galenson constructs age-price profiles and finds that Cezanne's most prized works were produced in his 60s. Picasso's most valued works were produced in his mid-to-late 20s.

Galenson's approach is designed to initiate a discussion about the nature of human creativity in general. He argues that the approach could and should be used to understand academic endeavors, as well as scientific and medical research. Given that we live in an economy increasingly driven by scientific innovation, understanding the life-cycle pattern of creativity is an important element in our understanding of modern economic processes. ■

## Where Will the Saints Go Marching In?

By Thomas Bruggink and Doug Schiz '04

**A**LTHOUGH THE NEW ORLEANS SAINTS football team has committed to play the 2006 season in the hurricane-ravaged Louisiana Superdome, it has two long-term options: stay in New Orleans if the city commits to a new or improved stadium; or move to a new city. We explored the potential choice of a new home city.

We first developed a statistical model of team location across the top 50 U.S. metropolitan areas. The model includes local demographic and economic factors, such as the number of *Fortune* 500 companies in the area, per capita income, population, population growth, the number of other sports teams in the city, and Nielsen ratings for *Monday Night Football* broadcasts. The presence of *Fortune* 500 headquarters is the single largest determinant, a result consistent with sales of luxury corporate skyboxes. Aggregate population and sports intensity are two other factors that loom large in team location.

So, based on the model, what are the prime candidate cities for a potentially relocating team, such as the Saints? Los Angeles leads the list, followed by San Antonio, Salt Lake City, Sacramento, and Memphis. During the 2005 season, the Saints played in a sold-out stadium in San Antonio, so it may have an advantage over Los Angeles.

Will the Saints stay in New Orleans? We are skeptical. Based on pre-Katrina variables, the model predicted an 85 percent probability of New Orleans retaining its team. If the population declines by just 10 percent, the odds fall to 74 percent. Based on the estimates of urban economists, New Orleans is likely to experience a long-term population decline of 25 to 30 percent. The probability of New Orleans retaining a National Football League team under such conditions falls to 43 to 51 percent. Do not be surprised, then, to see the Saints go marching out of New Orleans. ■

## Investment Club

**T**HE LAFAYETTE Investment Club currently holds a portfolio of stocks, bonds, and mutual funds worth over \$350,000. This year, the club had presentations on a variety of companies, ranging from large, well-known companies, such as Time Warner and Home Depot, to a lesser-known small-cap biotechnology company, Atherogenics.

In addition to the official club meetings, there is also active discussion on the club's website on Yahoo! Groups. The Lafayette Investment Club has sponsored or cosponsored a variety of events, including finance night at the Princeton Club, a finance interview panel. The club also sponsored a trip to the New York Mercantile Exchange for the Options and Futures class, taught by **Michael Kelly**, assistant professor of economics and business. For the spring trip, the club toured the Wachovia trading floor and the Federal Reserve facility. By providing students with the chance to take part in active portfolio management, the club continues to help prepare those interested in a finance-related career achieve their goals.

The Investment Club is managed by **David Greenberg '06**, president; **Clint Losch '06**, vice president; **Basar Eraksoy '06**, treasurer; **David Fishman '07**, secretary; and co-faculty advisers **Donald Chambers**, Walter E. Hanson Professor of economics and business, and Kelly. The club meets every other Friday to discuss the state of the portfolio, and encourages participation from all members. ■

## Probing the Intersection of Business and Politics

**L**AST FALL, students explored the relationship between business and politics with guidance and insights from prominent guest commentators during an innovative new class. The class, Industry, Strategy, and Policy, is a prototype for a multidisciplinary public policy major currently being developed. The guest commentators, including Lafayette alumni, represented various sectors of the global economy.

"As a student, I would have little or no access to high caliber professionals such as the ones who were in attendance during this class," says **Matthew Mitchell '06**. "It really is amazing to have the opportunity to interact and to get to know and learn about these people and their fields in a relaxed and informal environment."

**Mark Crain**, William E. Simon Professor of Political Economy, developed the course to promote interest in, and prepare students for, careers in public policy and government affairs.

"The course is designed to probe the intersection of business and politics by stressing the myriad ways that policies affect business decisions and market outcomes," Crain says. "It provides students a unique opportunity to learn about the major sectors of the global economy."

Thirteen prominent guest commentators, including nine Lafayette alumni, participated in the course. Teams of three or four students presented briefings on major sectors of the global economy, including health care, finance, telecommunications, national security, information and media, information technology, manufacturing, transportation, and energy. The teams submitted a draft report to Crain and the guest commentators one week before the briefing. Each week's guest offered comments and feedback on the draft report and briefing, and also provided his or her perspective on the sector. The guests' comments were followed by a debate, questions and answers, and discussion. The teams then revised their sector reports. In addition, the teams videotaped their briefings, and were required to produce a short video on the sector as part of their final course grade.

Before each class session the student presenters, guests, and Crain met for dinner. One of the guest commentators, **Harold Kamine '78**, chairman of KMC Telecom and a Lafayette trustee, noted how much he enjoyed the opportunity to be directly involved with the students. Other guests included **Shawn Coughlin '87**, principal and chief operating officer of Capitol Health Group; **William Rappolt '67**, retired treasurer of M&T Bank; **Peter Jacoby '81**, vice president-director for congressional affairs of AT&T; **Fred Benson '59**, of Benson Capitol Commentary; **Susan Fox '88**, vice president of government regulations, the Walt Disney Company; **Christopher Caine '78**, vice president of governmental programs for IBM; **Roger Heumann '75**, president of Olympia Sports Co.; and **Stephen Pryor '71**, president of ExxonMobil. ■



**Mark Crain**

## Simon Graduate School of Business

*(continued from page 1)*

The Lafayette Nominations Committee for the Simon Early Leaders Program includes economics and business professors **Susan Averett**, **Rose Marie Bukics**, **Donald Chambers**, and **Mark Crain**. Members from other departments are: **Michael Jordan**, foreign languages and literatures; **David Veshosky**, civil and environmental engineering; and **Andrew Vinchur**, psychology. The committee is responsible for nominating juniors and seniors based on personal and intellectual potential. All

students accepted into the program receive a fee-waived application to the Simon School, and an Early Leaders Scholarship of at least \$5,000 that is valid for up to five years after the award date. Students admitted to the masters in business administration program with superior profiles receive merit-based awards of at least \$30,000 over the duration of their studies, while those students admitted to a designated masters of science program receive awards of at least \$20,000 over the duration of their studies.

This partnership would not have been possible without the guidance and support of **J. Peter Simon '75**, a Lafayette trustee and member of the Simon School's Executive Advisory Committee. Simon has been dedicated to bringing these two institutions together and provides strong assistance to the Early Leaders Program. He collaborated with Mark Zupan, dean of the Simon School, and Mark Crain, William E. Simon Professor of Political Economy. ■

## Marketing Research: Statistics in Action

**H**OW DO FIRMS know about the demand curve they face? What features should a new product include? How do political parties gauge public opinion? How do customer service departments measure success?

**Christopher Ruebeck**, assistant professor of economics and business, offered a new course, Marketing Research, in the spring semester that addresses these and other issues of interest to marketing professionals. Ruebeck designed the course to resemble similar courses offered to advanced undergraduate marketing majors and master of business administration students. More importantly, the course leverages Lafayette students' strong foundations in statistical analyses of economic problems, which allows students the opportunity to explore these issues more rigorously than some students in specialized marketing programs.

An important component of the course is student-initiated projects, which include measuring campus interest in new product introductions; opening a new restaurant in Easton; improving women's softball game attendance; adding a voice function to digital cameras; preparing PowerPoint presentations for busy students; and investigating online content needs for classrooms. In addition, the students learn about WebSurveyor, a new online survey resource available through Skillman Library that can be used in several disciplines for research and administrative purposes.

The new course complements two existing courses, Industrial Organization and Marketing Science, for students interested in understanding strategic interactions between competing firms, as well as interactions between firms and their customers and suppliers. ■



**Christopher Ruebeck (left)**, assistant professor, is working with EXCEL Scholar **Dimitar Marmarov '07** on an economic modeling project.

## Students Present Research at NCUR

The following economics and business majors were among the 40 Lafayette students who presented research in April at the National Conference on Undergraduate Research (NCUR) hosted this year by the University of North Carolina in Asheville. Lafayette sends one of the largest contingents of students each year to NCUR.

**Lori Anderson '06**, "The Role of Economic Freedom in the Effectiveness of Aid Allocations"

**Hurriya Burney '06**, "Learning to Fly"

**Martha Osier '06**, "The Optimality of Debt Relief for Poverty Reduction in Nigeria"

**Jinjin Qian '08**, "Modeling Fish-Muscle Dynamics and Force Generation"

**Daniela Simova '06**, "Economic Determinants and Effects of Childhood Malnutrition in the United States" and "Effectiveness of AIDS Prevention Programs in Sub-Saharan Africa and Behavioral Change as the Channel for Improvement"

**Jose Crisanto Tano '06**, "Predicting Sales of Hardcover Books: An Econometric Model of Fictional Works"

**Mila Tzolova '06**, "The Eastern Enlargement of the European Union: Costs and Benefits to the Old and New Member States"

## Class of 2006 Awards

**John H. Allen Prize** to the author of the best essay in public finance—**Michael Tortora**

**Economics and Business Award** for Scholastic Excellence for outstanding academic performance and leadership in department activities—**Daniela Simova**

**Robert F. Hunsicker Award** to the student who has done meritorious work in the area of small business study—**Stephen Caruso**

**Institute of Internal Auditors Award** for excellence in accounting and business studies—**Lynne Desmond**

**Institute of Management Accountants Award** for excellence in accounting—**Brandon Benjamin**

**Pennsylvania Institute of Certified Public Accountants Award** for excellence in accounting and participation in college and community affairs—**Kristen Holahan**

**J. H. Tarbell Award** to the student who best demonstrates an understanding of financial operations and institutions—**David Greenberg**

**Wall Street Journal Student Achievement Award** to the student whose academic performance in economics and business is considered exceptional—**Basar Eraksoy**

## Phi Beta Kappa

The following economics and business majors were among students invited to join Phi Beta Kappa. They are listed with their major and hometown.

**Brandon M. Benjamin '06**, government and law/economics and business, Towanda, Pa.

**Hurriya Burney '06**, economics and business/English, Karachi, Pakistan

**Lynne P. Desmond '06**, economics and business/French, Rye Brook, N.Y.

**Basar Eraksoy '06**, mathematics-economics/international affairs, Istanbul, Turkey

**Marc A. Gittleman '06**, mathematics-economics, Harriman, N.Y.

**Judith A. Hirx '06**, government and law/economics and business, Milford, Mass.

**Denica S. Karadzova '07**, economics and business, Stara Zagora, Bulgaria

**Maria M. Mileva '07**, economics and business/international affairs, Sofia, Bulgaria

**Thuy Lan Nguyen '07**, mathematics/economics and business, Hanoi, Vietnam

**Martha A. Osier '06**, economics and business/international affairs, Nairobi, Kenya

**Daniela V. Simova '06**, B.S. biology/A.B. economics and business, Sofia, Bulgaria

**Brandon C. Stiles '06**, economics and business, Manchester, N.J.

**Michael J. Tortora '06**, economics and business, Willington, Conn.

**David J. Van Der Beek '06**, economics and business, Trumbull, Conn.

## Faculty Articles and Conference Presentations



### SUSAN AVERETT

“Paternal Child Care and Children’s Cognitive Development” (with Lisa Gennetian and Elizabeth Peters), *Journal of Population Economics*, September

2005; “Birth Order and Risky Adolescent Behavior” (with Daniel I. Rees and Laura M. Argys), *Economic Inquiry*, April 2006.

Presented: “Acting Out’ not ‘Acting White’: Risky Behaviors of White, Black, and Multi-racial Youth” (with **Howard Bodenhorn** and **Christopher Ruebeck**), Eastern Economic Association conference, Philadelphia, February 2006; “The Cognitive and Behavioral Effects of Childhood Malnutrition in the United States” (with **David Stifel**), Eastern Economic Association conference, Philadelphia, February 2006 and Population Association of America, Los Angeles, Calif., March 2006; “Assessing the Academic Achievement of Biracial African American Youth: Evidence from the Add Health In-School Survey” (with **Howard Bodenhorn** and **Christopher Ruebeck**), Population Association of America, Los Angeles, Calif., March 2006.



### HOWARD BODENHORN

“Banknotes” and “Credit Rating Agencies,” in *Encyclopedia of American Business History*, edited by Charles Geisst, Facts on File Publishing, December 2005;

“Urban Poverty, School Attendance, and Adolescent Labor Force Attachment,” NBER working paper #12043, February 2006; “Financial Intermediaries and Their Regulation” (with Eugene N. White), in *Historical Statistics of the United States: Millennial Edition*, edited by Richard Sutch, et al., Cambridge and New York: Cambridge University Press, March 2006; “Single Parenthood and Childhood Outcomes in the Mid-Nineteenth Century Urban South,” NBER working paper #12056, February 2006; “Bank Chartering and Political Corruption in Antebellum New York: Free Banking as Reform,” in *Corruption and Reform: Lessons from America’s History*, edited by Edward Glaeser and Claudia Goldin, University of Chicago Press for NBER, March 2006; “Colorism, Complexion Homogamy, and Household Wealth:

Some Historical Evidence,” *American Economic Review*, May 2006.

Review of Howard M. Wachtel, *Street of Dreams — Boulevard of Broken Hearts: Wall Street’s First Century* (London and Sterling, Va.: Pluto Press, 2003), in *Journal of American History*, March 2005.

Presented “Colorism, Complexion Homogamy, and Household Wealth: Some Historical Evidence,” AEA/NEA session at ASSA annual meetings, Boston, January 2006; “Single Parenthood and Childhood Outcomes in the Mid-Nineteenth Century Urban South,” EHA sessions at ASSA/Boston, January 2006; “Colorism and African-American Wealth: Evidence from the Nineteenth-Century South” (with **Christopher S. Ruebeck**), NEA session at ASSA/Boston, January 2006.



### MARK CRAIN

*The Impact of Regulatory Costs on Small Firms*, Washington, D.C.: U.S. Small Business Administration, 2005; “Legislative District Configurations and

Fiscal Policy in American States” (with John Charles Bradbury), *Public Choice*, December 2005.

Presented “Institutions, Public Policy, and Economic Success in U.S. States,” Fourth Interuniversity Seminar, Guatemala City, March 2006.

### NICOLE CRAIN

Presented “How to Confront International Terrorism? The Economic and Political Impact of Terrorism,” Fourth Interuniversity Seminar, Guatemala City, March 2006.



### EDWARD GAMBER

“The Taylor Rule and the Appointment Cycle of the Chairperson of the Federal Reserve” (with David Hakes), *Journal of Economics and Business*, February 2006.

Presented “Did Forecasters Anticipate the Great Moderation?” (with **Matthew Weiss ’07**), International Atlantic Economic Association, Berlin, Germany, March 2006.



### SHEILA HANDY

“Improving Accounting Instruction Using Bloom’s Taxonomy of Educational Objectives” (with Anthony Basile), *Journal of Applied Research for Business*

*Instruction*, March 2006.



### JEROME HEAVEY

Presented “Federal Tax Policy and State Government Choice of Tax Instruments,” Eastern Economic Association conference,

Philadelphia, February 2006.



### CHRISTOPHER RUEBECK

Presented: “Colorism and African-American Wealth: Evidence from the Nineteenth Century South” (with **Howard Boden-**

**horn**), Southern Economic Association, Washington, D.C., November 2005; “Acting Out’ not ‘Acting White’: Risky Behaviors of White, Black, and Multiracial Youth” (with **Susan Averett** and **Howard Bodenhorn**), Eastern Economic Association Conference, Philadelphia, February 2006.

### EDMOND SEIFRIED

“The Art of Strategic Planning in Community Banking” (with Jay Brew), Pa.: NBK Advisory Group, 2005.



### JULIE K. SMITH

Presented “PCE Inflation and Core Inflation,” Eastern Economic Association conference, Philadelphia, February 2006.



### DAVID STIFEL

Presented: “Gray Matter with a Side of Fries: The Cognitive and Behavioral Effects of Childhood Malnutrition in the United States” (with **Susan Averett**), NERDS Seminar Series, Lafayette College, March 2006.

## New Economic Research Discussion Series

**A**FTER A HIATUS, the department has revived a seminar series in which economists from outside Lafayette visit and present the results of their unpublished research. A successful seminar serves two purposes: it provides the speaker with feedback on the quality of his or her ideas and the manner in which they are tested, and it keeps department members informed about current developments in a wide range of subfields within economics. The department sponsored the following seminars during the spring semester:

**Michael Hauptert**, University of Wisconsin at La Crosse, “Is It Work or Is It Play: The Evolution of Professional Baseball Labor Markets”

**Sara Markowitz**, Rutgers University at Newark, “The Interdependence of Youth Cigarette, Alcohol, and Marijuana Demand with Prices of Other Consumer Products, or, Why You Should Not Give Your Teenager an Allowance”

**Susan Averett** and **David Stifel**, Lafayette, “Gray Matter with a Side of Fries: The Cognitive and Behavioral Effects of Childhood Malnutrition in the United States”

**Heather O’Neill**, Ursinus College, “The Impact of Athletic Recruiting at Liberal Arts Colleges: A Case Study”

**Keith Sill**, Federal Reserve Bank of Philadelphia, “Macroeconomic Volatility and the Equity Premium”



**Chicago Federal Reserve President and CEO Michael Moskow '59 (second from right) shared his wisdom during a talk to students from two classes: Principles of Economics and Political Economy. He also spoke with faculty, including (from left): James DeVault, Julie Smith, Edward Gamber, and Mark Crain.**

Photo credit: Nicole Crain

## What Are They Doing Now?

**Sheila Handy**, assistant professor, recently caught up with three Lafayette graduates. She found that they are putting their training to work in very diverse work environments.

**Steve Mathe '00** is an associate attorney working in the corporate department of Willkie, Farr & Gallagher, LLP of New York. He prepares securities filings and legal memoranda in connection with the firm’s clients’ acquisitions and divestitures. After Lafayette, he attended University of Pennsylvania Law School, but says that it was his Lafayette education that provided him with the foundation for understanding the commercial concepts taught in law school. Because he focused on accounting while at Lafayette, he now readily grasps the tax and financial disclosures that drive the clients’ transactions. Mathe says his accounting classes provided an understanding of how financial statements are drafted, but that discussion-oriented courses like those of **Harold Hochman**, professor emeritus, were a great preparation for law school.

**Shelly Rusch '98** is the business administrator for Knowlton Township School District in Delaware, N.J. Shelly says her job includes all the financial matters pertaining to the school district, including financial management, budget planning, purchasing, payroll, and a host of other functions. After graduating from Lafayette, she was an auditor for Deloitte & Touche. Once she became a certified public accountant (CPA), Rusch became an account manager for AIG Federal Savings Bank in Wilmington, Del. From

there she moved back home and to her current position. Rusch says her accounting courses prepared her for her CPA but that “I think my economics courses have provided me with a well-rounded background that has helped me in my current position that requires me to manage many different job responsibilities.”

**Scott Wynne '02** is a seventh-grade math teacher in the Yorktown Central school district in Westchester County, N.Y. Not only is Wynne responsible for teaching 130 students, he is the coordinator of the math department. As coordinator, Wynne’s job entails daily management of the math department, as well as mentoring new teachers, budget preparation, student placement, and scheduling and implementation of the New York State Assessment. After Lafayette, Wynne earned a masters degree in special education and is currently working toward his master of education in administration and supervision.

Now on the other side of the lectern, Wynne says that his students daily ask him how the math they are learning in class will matter later in life. He says “that question is answered through my knowledge of economics and business. Since many of the classes I took at Lafayette presented economics through real-world application, I feel I am able to pass that knowledge on to my students.” Outside his own classroom, Wynne says that financial accounting and econometrics have served him well since graduation. The former provided the foundation for budget processes; the latter for examining how different educational and fiscal variables are related to instructional processes. ■

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## CIRCLE SERIES

### Established and Start-up: Different Perspectives

ONE BUSINESS was founded 100 years ago, another 20 years ago, and the youngest was founded in 2005. Three Easton business owners shared different perspectives on owning both established and start-up businesses in February, as part of the CIRCLE Entrepreneurship Series.

Phil Lipkin is owner of Lipkins Furniture founded more than 100 years ago. The store has been managed by three generations of the Lipkin family. With the exception of two years as a teacher, Lipkin has spent his entire adult life at the store.

Tomias Hinchcliff founded Genesis Bicycles more than 20 years ago. He shared his adventure of moving his family from New York City when he was 18 to join a friend and open the shop with only a few bicycles. Now, he sells high-end Trek and Cannondale bikes, as well as accessories and clothing. The store was voted one of the top 10 bike retailers in the country.

Troy Reynard left a career in higher education administration to open Cosmic Cup, a coffee shop on Catell Street. In business since June of 2005, Reynard shared the perspective of the owner of a brand-new business. He mentioned that advertising is essential, noting that he has been able to purchase inexpensive radio spots to increase his exposure on College Hill. The three panelists discussed how different life stages affected planning and decision-making.

In April, Ray Foley, founder and publisher of *Bartender Magazine*, shared his experiences in running his unusual business.

The CIRCLE lecture series is sponsored by the Robert F. Hunsicker Education Fund, which promotes entrepreneurial education programs. Organizers are **Stephen Caruso '06**, **Jonathan Farrar '07**, **Clint Losch '06**, and **Nkrumah Pierre '06**. **Sheila Handy**, assistant professor of economics and business, advises the group. ■

## STUDENT CLUBS

### Economics Club Launched

IS THERE SOMETHING to economics other than a fascination with finance and Wall Street? **Daniela Simova '06** certainly thinks so. She organized the Economics Club so that students could discuss economic matters in a relaxed, student-centered environment outside the classroom. Simova notes that basic economic analysis can be used to understand all sorts of human behavior and would like the club to provide a forum for discussions of economic issues.

Earlier this semester the club sponsored a lively discussion, moderated by **Edward Gamber**, professor of economics and business, on Steven Levitt's best-seller, *Freakonomics*. The club also sponsored a *Jeopardy!*-style game, with questions relating to economics. Future activities will include a reception for new majors and presentations by department faculty on their research interests.

Like the department's other student-run organizations — CIRCLE and the Investment Club — the Economics Club is egalitarian in design and practice. Every member is encouraged to offer ideas for future events or discussions so long as the underlying purpose is to explore economics in all its diverse manifestations. ■

## THE LAFAYETTE Experience

- Student-focused teaching and mentoring by an exceptionally qualified faculty, committed to each student's success.
- A challenging, broad-based academic curriculum that offers strong programs in the liberal arts, sciences, and engineering.
- A small college environment with large college resources.
- A friendly residential community offering an exciting social life with a broad spectrum of extracurricular activities.

