

NEWSLETTER

UNIVERSITY AT BUFFALO

DEPARTMENT OF ECONOMICS AND CENTER OF HUMAN CAPITAL



Greetings from the Chair



WELCOME

I am pleased to send you this newsletter highlighting the many accomplishments of the Department and its students, faculty and staff. Our goal is to communicate more effectively and regularly with the Department's alumni and we trust this newsletter will be a good first step.

We have some mixed news to share on the faculty front. On the bright side, we have over the last couple of years, been successful in attracting some very high quality faculty to our ranks. We are pleased to welcome to our department Eiichiro Kazumori, Zhen Liu, Goncalo Monteiro and Hye Mi You.

The Department also saw two successful tenure cases in the last year. Assistant Professors Mingliang Li and Chetan Subramanian both were promoted to the rank of Associate Professor of Economics with tenure following the expected approval of the SUNY Chancellor. This development is also of great significance to the Department. These two promotions come at the heels of the earlier promotion of our colleague Zhiqiang Liu and amount to a vote of confidence in the Department's future, given the quality of the people we have hired and supported for promotion.

Sadly, we have also had to bear some difficult losses. Michael Gort, our most senior faculty member, passed away last November. Michael was widely acknowledged as one of the leading scholars in the area of Industrial Organization. We at the Department are forever indebted to Michael, for we knew him as an outstanding economist, an inspiring teacher, a generous mentor and a cherished friend. We also deeply mourn the loss of our long-time Department secretary and my own close friend Rebecca Neiss who passed away last July. She was a star team player and her friendship, camaraderie and generous spirit will forever be remembered.

The Department's graduate programs have continued to grow in size. Not only have we achieved an increase in the number of enrollments, we have maintained high quality standards. The Masters program has become a signature program for the Department. Starting with only a handful of students, the Master's program has evolved into two full-time, stand-alone daytime programs – a Master of Arts (M.A.) and Master of Science (M.S.). Together with our doctoral program, Economics continues to maintain its position as the largest graduate program in the College of Arts and Sciences.

One of the most exciting developments has been the establishment of the Center of Excellence on Human Capital, Technology Transfer and Economic Growth and Development through a faculty development grant awarded to me by the New York Office of Science, Technology, and Academic Research (NYSTAR). The Center pursues cutting edge research, data gathering, and



Fall, 2009

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Chair's greetings

top-level academic publications about the dynamic role human capital plays in diverse areas of economic science ranging from education, health, and demographic changes to technological innovations, entrepreneurial and intellectual capital, and endogenous growth and development.

Through the Center, we are housing and promoting an innovative new journal, published by the prestigious University of Chicago Press, named the *Journal of Human Capital*. The editorial board includes four Nobel Laureates, two John Bates Clark Medalists and major contributors to the field of Human Capital Economics. The *JHC* shares the same managing editor with the *Journal of Political Economy*, the premier journal in economics, and is related to the *JPE* also by the breadth of the areas of economic research it covers. This is a rare honor and testimony to the growing visibility of the department in academic circles.

The Center has been hired by the Comptroller of the State of New York to provide annual forecasts of State Revenues, which are a prerequisite for passing a budget law in NYS, as well as monitoring the fiscal health of the State throughout the year. The researchers at the Center were the first in the nation to call the start of the recession in the State of New York in fall 2008, ahead of the National Bureau of Economic Research, which is officially designated to date the start and end of recessions in the national economy. The Center has also been involved in a number of activities with agencies involved in economic development projects in Western New York, including the Buffalo-Niagara Partnership, the Erie County Industrial Development Agency, and the Buffalo Branch of the New York Fed.

These "service" activities of the Center have generated public visibility for the Center and UB in the nation as well. I was also appointed a member of the Council of Economic Advisors of New York Governor David Paterson in August 2008, adding another dimension to the Center's public service activities for the benefit of the citizens of the State of New York.

Conferences in Chicago and Buffalo are on the Center's agenda for this year. In another exciting development, the Center is partnering with the prestigious Milton Friedman Institute for Research in Economics at the University of Chicago to present a conference titled "New Directions in the Economic Analysis of Education" on November 20-21, 2009 in Chicago, IL. And in April 2010, the Center will host a conference in Buffalo focusing on financial economics. In addition to academics, conference organizers will invite presentations from business leaders. Several papers from our conference in Chicago have also been invited to be presented at a special session of the American Economic Association.

These are just a few examples of the recent accomplishments of the Department. A bright future is on the horizon for the Department and the Center. However, sustaining high standards of excellence while expanding our reach and impact requires substantial resources.

I encourage you to consider the great strides the Department is making and how the Center of Human Capital can be a vehicle for our department's growth. With this in mind, the Center Advisory Board has developed The Institute Advancement Fund to facilitate this growth from a center to a full-fledged research institute. This necessitates an expanded research staff, funding for graduate students and faculty research projects, and resources to hold additional conferences bringing the world's best and brightest to UB. Your support would be greatly appreciated and you can easily make a gift through the Department and Center websites. I thank you in advance for your support.

Please read on to find out more about our academic programs, the Center of Human Capital and other exciting news. We also encourage you to share any alumni news you may wish to see published in our next newsletter. If you have any feedback, please don't hesitate to contact us.

Best wishes,



Isaac Ehrlich, Ph.D.
Professor and Chair
Department of Economics

DEPARTMENT NEWS – Recruiting

Tenure – Track Hires

We have added four new tenure-track assistant professors in the past two years: Dr. Zhen Liu, Dr. Eiichiro Kazumori, Dr. Hye Mi You and Dr. Goncalo Monteiro.

2009-2010

EIICHIRO KAZUMORI



Dr. Eiichiro Kazumori joined the Department this fall. His research focuses on Microeconomic Theory, Finance, and Industrial Organization. He joins us from the University of Tokyo where he was a research fellow in the Center for Advanced Research in Finance.

Dr. Kazumori completed his PhD from Stanford University. His dissertation studied a game theoretical and statistical foundation of the efficient market hypothesis. He received the Young Economist Award at the European Meeting of the Econometric Society in 2004. His research was supported by Stanford Dissertation Fellowship, the Japan Society of Promotion of Science, the Ministry of Economy, Trade, and Industry, and the Nomura Foundation for Science and Arts.

ZHEN LIU



Dr. Zhen Liu was appointed as an assistant professor at SUNY Buffalo starting fall 2009. He received his Ph.D. in Economics from SUNY-Stony Brook in August 2007. He had previously served as a Visiting Assistant Professor at Ohio Northern University (2007-2008) and SUNY Buffalo (2008-2009).

Dr Liu's current research focuses on the link between Social Security knowledge and well-being, and the implications of "consumer unawareness" on firms' business strategies. His research has received support from the V.P. for Research and the Center for Survey Research at SUNY-Stony Brook, and the Michigan Retirement Research Center. His paper, *Fair Disclosure and Investor Asymmetric Awareness in Stock Markets*, won him the 2007 Outstanding Doctoral Student Paper Award at the American Accounting Association's Mid-Atlantic Regional Meeting.

2008-2009

GONCALO MONTEIRO



After graduating from the University of Washington in 2004 with a Ph.D. in Economics, Dr. Monteiro worked in the U.K. as an assistant professor at the University of York. He has been at UB since returning to the U.S. in 2007.

Dr. Monteiro's research interests lie in the area of growth and development and he has already published a series of articles on the subject. He is currently working on the implications of anticipated consumption for economic growth and welfare.

HYE MI YOU



Dr. You joined the UB economics faculty in August 2008. Her research focuses on the macroeconomics of labor markets, human capital and economic growth. She received her Ph.D. from the University of Rochester.

Her dissertation examined the impact of growth in human capital on U.S. economic growth and the role of economic environments in explaining changing patterns of investment in human capital by U.S. workforce. Recently, she has started working on the link between labor supply and human capital accumulation and its macroeconomic implications. She has received a number of fellowships and awards from the University of Rochester, the International Monetary Fund, and the W. Allen Wallis Institute of Political Economy.



DEPARTMENT NEWS – Promoted Faculty

MINGLIANG LI



Dr. Li has been an assistant professor at UB since 2003 after completing his PhD from the University of California at Irvine. His research aims at developing innovative econometric tools, especially Bayesian methods that provide insights

into phenomena in various economic fields such as labor economics, economics of education and health economics.

He has been working on issues such as the determinants of early withdrawal of students from high schools, differences across public high schools in the rates of return to future education, and parents' decisions in sending their children to private schools. Most recently, he has been working on the Bayesian estimation of a variant of the correlated random coefficient model. In the future, he plans to continue working on Bayesian methods in microeconomics.

CHETAN SUBRAMANIAN



Dr. Subramanian joined the department in 2000 and his research interests include open economy macroeconomics and monetary economics. He completed his dissertation from the University of Southern California. The thrust of his

work is on “stabilization policy”-focusing on the role of government in steering the economy to normal performance during serious cyclical fluctuations-and international finance.

His papers have focused on issues such as the positive and normative aspects of quantity-based capital controls, dynamics of asset prices in crisis hit economies, the impact of currency substitution in emerging markets and the role of money in business cycles. Much of his recent work has focused on inflation stabilization and the design of monetary policy.

DEPARTMENT NEWS – In Memoriam

Obituary of Professor Michael Gort's passing in *The Buffalo News*

Michael Gort, longtime UB economics professor

Sept. 30, 1923 – Nov. 11, 2008



Michael Gort, Ph. D., an economics professor at the University at Buffalo for nearly a half century, died last Tuesday in University of Miami Hospital, Miami, Fla., after a brief illness. He was 85.

Born in the Soviet Union, Dr. Gort was 3 years old when his parents fled to China. As a young man, he came to the United States and earned his master's degree and doctorate from Columbia University in 1954.

He taught at the University of California, Berkeley, the University of Chicago and Northwestern University prior

to coming to UB in 1963.

He remained a full-time faculty member ever since, and this semester was to be his last before retirement.

His research and publications focused on the economics of innovation, the measurement of technical change and the economics of regulation.

At a 2006 conference, Dr. Gort was honored for his contributions to the “Evolution of Ideas in Innovation and Entrepreneurship.”

He also had a special issue of the *Review of Economic Dynamics* dedicated to his contributions in economics.

Dr. Gort, of Snyder, enjoyed skiing. His wife of more than 50 years, Elizabeth, died in 2004.

He is survived by two sons, William and Adam, and a sister, Luba Forman.

DEPARTMENT NEWS – In Memoriam

Plaque in memory of Rebecca Neiss's passing

We were all terribly saddened by the news that Rebecca Neiss passed away on July 3, 2008. To commemorate her 27 years of devotion and service to the department, a plaque was dedicated to her memory outside the department's office in 415 Fronczak. It reads:

"In memory of Rebecca 'Becky' Neiss, Department Secretary and Office manager, June 8, 1961 – July 3 2008. An unabashed patriot, avid gardener, inspired cook and yoga enthusiast, Becky cared about all things in life. For 27 years, she was a star team player. She showered immense love, loyalty and devotion upon

the Economics Department and everyone she knew, including her beloved cattle dog and constant companion, Bailey. Her friendship, camaraderie and generous spirit are sorely missed, but never forgotten. We'll be forever touched by her warmth, kindness and genuinely caring nature. We'll be forever humbled for having had the privilege of knowing her."

The faculty and staff from the Economics Department, led by the chair, Professor Isaac Ehrlich, who unveiled the plaque, offered their condolences to Rebecca Neiss' family.

Academic Programs



The department's graduate programs have continued to grow in size – without sacrificing quality in admissions standards. The Master's Programs have continued to witness a steady growth in enrollment. Last year alone we had over 200 students in residence. This is a significant achievement and one that we are very proud of. This enrollment equals the current UB MBA program, which admits 100 students each fall. Nearly all Masters' students are self-financed and approximately 60% of these students are international. We offer two day-time, stand-alone Master's Programs: the Master of Arts and Master of Science, to satisfy the needs of students with

different objectives. We understand that our program appeals to students for a variety of reasons including: the quantitative-exposure nature of the program, the comprehensive skill set our students obtain, and the flexibility of the program. Collaboration with other academic departments and schools has enabled our students to focus their studies in financial economics, health economics, international economics, law and regulation and other areas. The J.D./M.A. program is also a popular dual-degree option for students pursuing their law degree at the UB Law School.

The academic level of our Ph.D. students has shown a steady improvement over the years, measured by both the GPA performance of students and the number successfully passing the preliminary examination and remaining as students. Our graduates have been placed in positions commensurate with their specialties and in universities and other institutions. Thus last year for example, one graduate secured a visiting adjunct professor appointment at the University of Michigan (Ann Arbor), another landed an appointment at the R.I.T. in Rochester, and yet another was placed at the Central Bank of Korea. Others have returned to their home countries to take positions at prestigious institutions. Mention may also be made of one other student, with the degree conferred two years ago, who has recently taken a position at the University of Georgia as a health economist.

Undergraduates also continue to benefit from the education provided by the UB economics department. There has been a significant increase in the number of undergraduate majors in Economics in the last couple of years. The department has also seen a steady increase in the demand for joint majors with Economics. The expanding programmatic development of our graduate programs has enabled us to offer a modest increase in course offerings at the undergraduate level, largely through elective courses dual-listed with master's level courses. This has also enabled us to increase offerings at the undergraduate Honors level.



THE CENTER OF HUMAN CAPITAL

Establishment of the Center

With a \$750,000 faculty development grant from the New York State Office of Science, Technology, and Academic Research (NYSTAR) and matching funds from UB, Isaac Ehrlich, Ph.D., established the UB Center of Excellence on Human Capital, Technology Transfer, and Growth and Development in 2006. Known in short as the Center of Human Capital, the Center's mission is to become the internationally recognized center of research and study on "human capital and the information economy."

The economics of human capital can be described as the study of the "knowledge economy." Human capital has been the driving force behind the United States' emergence as the world economic superpower in the past century. Increased education, training, experience and even health all contribute to increasing human capital; which, in turn, drives economic growth. The general idea is that increasing human capital attainments have positive economic benefits. Studying this "engine of growth" is the main focus of the Center.

In order to fulfill its mission of becoming the leading authority on human capital economics, the Center is focusing on several programs and projects:

- The Center houses and promotes the *Journal of Human Capital* - a major general interest journal dedicated to the theme of human capital that is published by the prestigious University of Chicago Press
- The Center organizes and participates in *conferences* bringing together leading economists from around the world. This increases the visibility of the Center, the department and U.B.
- A *public service* agenda is pursued by the Center through applied research and consulting work for policy makers at the local, state and federal levels.
- The Center's mission includes conducting *applied research* that addresses economic issues affecting the region and New York State as a whole.
- Expert economists from around the world are invited for *seminars* and *speaker programs*.

Center Advisory Board & Institute Advancement Fund

The Center is fortunate to have the support and advice of a board of experts from industry and economics. Composed of alumni and friends of UB, the Center Advisory Board (CAB) has been instrumental in formulating and developing a long-term plan to support the growth of the Center into a full-fledged institute. To this end, the Center is inviting all alumni to support the Institute Advancement Fund through a gift of any size. Participation at any level is the key to the successful continuation of ongoing projects and the development of future projects.

Please consider using the enclosed envelope to make a gift to support the research and teaching mission of the department and the Center. You can also visit the Center's website and choose 'Support' and then 'Give Now' to make a gift online or to make a recurring credit card payment. Your support is greatly appreciated.

If you are interested in a major gift or including the Center or the department in your will, please contact the College of Arts and Sciences Development Office.

Your support will help both the Center and the economics department with:

- *Scholarships for undergraduates*
- *Fellowship support for grad students*
- *Recruiting and retaining top faculty*
- *Faculty research funds*
- *Conferences*
- *Alumni communications and newsletters*
- *Guest speakers and seminars*
- *Increased visibility*

THE CENTER OF HUMAN CAPITAL

Center Advisory Board Members

RAVINDER K. BANSAL, Ph.D.
Chairman & CEO, AirSep



Dr. Bansal is the Co-founder, Chairman and Chief Executive Officer of AirSep Corporation. AirSep Corporation began its operations in Buffalo, NY, as a manufacturer of medical and industrial oxygen generators in 1987. Today it generates over \$120,000,000 in annual revenues,

employs 400 people, and has sales in over 100 countries around the world.

Dr. Bansal earned his Ph.D. in Mechanical Engineering from the Georgia Institute of Technology in 1977. Over the past 30 years, while promoting his business, he has traveled to more than 80 countries around the world.

In 1993, Dr. Bansal was chosen Entrepreneur of the Year for the Upstate New York Region by *INC.* magazine. In 1998, Dr. Bansal was cited as a business leader for his contribution to the Western New York economy and exports by the Buffalo Council on World Affairs. Dr. Bansal has been a member of the Center Advisory Board and contributed generously to the Center since its inception.

MILTON EZRATI
Sr. Economist, Lord Abbett



Milton Ezrati is a Partner and Lord Abbett's Senior Economist and Market Strategist, responsible for economic research and strategy, enabling clients to gain context and a further understanding of today's global markets.

Mr. Ezrati, who has more than 30 years of experience in the financial services industry, joined Lord Abbett in 2000. He was named a Partner in 2004. Prior to joining Lord Abbett, he was

Senior Vice President and Head of Investing for the Americas at Nomura Asset Management USA, where he helped direct investment strategies for both equity and fixed-income investment management.

A recognized authority on a range of global and domestic financial issues, Mr. Ezrati speaks to audiences across the United States, Europe, and Asia. He has been widely published in a variety of magazines, scholarly journals, and newspapers, including *The New York Times*, *Financial Times*, *The Wall Street Journal*, *The Christian Science Monitor*, and *Foreign Affairs*, on a broad spectrum of investment management topics. He also appears on financial television programs providing market commentary.

Mr. Ezrati is the author of *Kawari*, one of the foremost books detailing the economic changes in Japan. He is an Affiliate of the Center of Human Capital and Economic Growth in the Department of Economics at the State University of New York at Buffalo and has given lectures at several schools, including New York University and the Fletcher School at Tufts University. He has served on the Center Advisory Board and contributed generously to the Center since its inception.

Mr. Ezrati received an MSS in mathematical economics from Birmingham University in England and a BA in economics from the State University of New York at Buffalo.

GEORGE GELLMAN
Chairman & CEO, Benchmark Group



George Gellman is the founder CEO and Chairman of the Benchmark Group of Companies, a fully diversified real estate company specializing in all forms of commercial development. He has had extensive real estate experience as an owner, investor, developer and operator

of real estate projects throughout the United States. Mr. Gellman is actively involved in analyzing real estate acquisitions. He coordinates several of benchmark's divisions. Mr. Gellman is also very active in negotiating

THE CENTER OF HUMAN CAPITAL

Center Advisory Board Members

commercial tenant leases and initiating relations with potential tenants.

Outside the business world, Mr. Gellman has served on the boards of the Buffalo Philharmonic Orchestra, Studio Arena Theater, the Better Business Bureau of Western New York, the Jewish Center of Buffalo, the Park School, and most recently, as a member of the P-2 Collaborative, an organization dedicated to improving health care and wellness in the Western New York area. Mr. Gellman has also recently undertaken the task of consolidating several cultural facilities in the Buffalo area to help these agencies achieve financial stability.

Mr. Gellman is an honors economics graduate of the University of North Carolina at Chapel Hill and received a law degree from Northwestern University where he was the editor in chief of the *Journal of Criminal Law and Criminology*. Before beginning his career in real estate development, Mr. Gellman served as a law clerk to Judge George Edwards of the United States Court of Appeals for the 6th Circuit. Mr. Gellman has contributed generously to the Center since its inception.

PAT KENNEDY

Chairman and CEO, Cellport



Pat Kennedy is a founder, chairman and CEO of Boulder, Colorado, based Cellport Systems. Since Cellport's inception 18 years ago, the company has focused on developing universal wireless connectivity technologies, resulting in three patent portfolios that are

of core importance to the global telematics and mobile handset markets.

Kennedy shaped Cellport's business model as a small research lab that promulgates its core architectures and openly licenses the underlying patent portfolios.

Kennedy has eleven patents and led the securing of nine licensees of Cellport's patent portfolios. In October 2009, *IdeaJacked*, Pat Kennedy's first book was published.

Kennedy has a B.A. in International Economics from

the State University of New York at Buffalo and has worked in the wireless and networking fields for the past 25 years. Additionally, Mr. Kennedy has served on the Dean's Advisory Committee at UB and contributed generously to the Center since its inception.



ANDREW G. MESCHES

Executive Vice President and Chief Risk Officer, Key Equipment Finance



Andrew G. Mesches is the Executive Vice President and Chief Risk Officer for Key Equipment Finance, one of the largest bank-held equipment finance companies in the United States.

Mesches' functional areas of responsibility include oversight of credit, portfolio management, compliance and asset management activities for all segments of Key Equipment Finance. The company manages a \$13.5 billion portfolio.

Before joining KeyCorp in April 1995, Mesches was the Senior Vice President and Operations Manager for Banc One Leasing Corp. in Columbus, Ohio and also spent more than ten years with US Leasing in various management roles. Mesches has more than 35 years of experience in the financial services industry. A native of upstate New York, he received a bachelor's degree in economics at the State University of New York at Buffalo and also did graduate work at the State University of New York at Albany.

Mesches is an active member of the Equipment Leasing and Finance Association (ELFA). He is a member of the ELFA Basel II Advisory Group and of the ELFA Credit and Collections Committee where he had previously served as chairman for three years. Mesches also serves on the Dean's Advisory Council of the College of Arts & Sciences, as well as the Advisory Board of the Center of Human Capital and has contributed generously to the Center since its inception. In addition, he is co-president of the board of directors for the Chamber of Commerce in Superior, Colorado, where Key Equipment Finance is headquartered.

THE CENTER OF HUMAN CAPITAL

Center Advisory Board Members

ROBERT MORRIS

Ret. Chief Investment Officer, Lord Abbett



Mr. Robert G. Morris, CFA, retired from Lord Abbett where he was a Partner and Chief Investment Officer. He was with Lord Abbett since 1991. Prior to Lord Abbett, he was with Chase Manhattan Bank where he served as vice president and manager of equity and equity investment

research.

His prior experience includes: Research Vice President of Drexel, Burnham, Lambert, Inc., Industry Specialist for Merrill Lynch, Pierce, Fenner & Smith, and Investment Research Officer for Industrial Bank of Rhode Island.

Mr. Morris received his BA in Economics from the University at Buffalo and his MA from Northeastern University. He has been in the investment business since 1971 and is a holder of a Chartered Financial Analyst

designation. Mr. Morris has served on the Dean's Advisory Council for UB's College of Arts & Sciences for over five years, and currently serves as Resource Development Committee Chair.

Mr. Morris is also a member of the UB Foundation Board of Trustees. He has served on the Center Advisory Board and contributed generously to the Center since its inception.

Mr. Morris is the first donor to direct a gift to UB 2020, the institution-wide plan for achieving enduring academic excellence. He also has significantly financed a number of departmental initiatives and other projects over the past several years, including a new sports performance center, the Department of Music and its Robert G. and Carol L. Morris Center for 21st Century Music, UB 2020's "strategic strength" in artistic expression and performing arts, the Humanities Institute, and an emergency scholarship fund for undergraduates in the arts and sciences.

Center Staff

The Center's leadership team is composed of three faculty members of the UB economics department. Isaac Ehrlich, Ph.D., serves as the director, bringing a wealth of expertise in the economics of human capital to the Center. Dr. Ehrlich is a SUNY and UB Distinguished Professor, Chair of the Department of Economics in the College of Arts & Sciences, and Melvin H. Baker Professor of American Enterprise in the UB School of Management.

He is aided by two associate directors – Yong Yin, Ph.D. and Zhiqiang Liu, Ph.D. Dr. Yin is an assistant professor in the Department of Economics. Dr. Liu is an associate professor and Director of Undergraduate Studies in the Department of Economics. Full bios are

available on the Center's website:

<http://www.head.buffalo.edu/>.

In addition to the executive team, a number of faculty research associates assist with the Center's projects while others form an in-house review board for the Journal of Human Capital. Economics professors Goncalo Monteiro, Mingliang Li, Shaowen Wu, Chetan Subramanian, Hye Mi You, and Qingyan Shang all currently work with the Center. Several top doctoral students in the economics department serve as research assistants, providing research and analytical support to the Center's staff while being supported financially by the Center.

THE CENTER OF HUMAN CAPITAL

The Journal



One of the most successful and visible components of the Center is the fledgling *Journal of Human Capital*. Housed in the Center and published by the prestigious University of Chicago Press, the Journal is published quarterly and includes leading theoretical and empirical research on the role of human capital in economics. The very best submitted papers are selected for publication after a rigorous review process by editors, referees, and an in-house review group in the Center.

The *Journal of Human Capital* is dedicated to human capital and its expanding economic and social roles in the knowledge economy. Developed in response to the central role human capital plays in determining the production, allocation, and distribution of economic resources and in supporting long-term economic growth, *JHC* is a forum for theoretical and empirical work on human capital—broadly defined to include education, health, entrepreneurship, and intellectual and social capital—and related public policy analyses.

JHC encompasses microeconomic, macroeconomic, and international economic perspectives on the theme of human capital. The journal offers a platform for discussion of topics ranging from education, labor, health, and family economics, to income distribution, social mobility, entrepreneurship and wealth creation, immigration and economic globalization, aging and value of life saving, politics and institutions, crime and corruption, technological innovation and transfer, productivity and structural change, and economic growth and development.

UB's own Isaac Ehrlich, Ph.D., has served as Editor-in-Chief since the journal's inception in 2007, and leads an editorial board composed of world-renowned economists. The Board of Editors includes four Nobel Prize winners in economics and other leading economists from the world's most prestigious universities. The Associate Editors are among the most accomplished scholars in their fields.

Six issues have been published to date and the seventh will be available very soon. You can check the Center's website for updates on the latest issue and to get a **free copy of the first issue!** The non-technical synopsis of one selected lead article can be found in this newsletter (refer to page 12), and others can be found on the website: <http://www.journals.uchicago.edu/page/JHC/brief.html>

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SPRING 2009

The Century of Education

Christian Morrisson and Fabrice Murtin

The Effect of Breast Feeding on Educational Attainment: Evidence from Sibling Data

Daniel I. Rees and Joseph J. Sabia

Overeducation and Instructional Quality: A Theoretical Model and Some Facts

Patrizia Ordine and Giuseppe Rose

WINTER 2008

Marriage and Career: The Dynamic Decisions of Young Men ()*

Eric D. Gould

From Ties to Gains? Evidence on Connectedness and Human Capital Acquisition

Philip Babcock

Cooperation in Knowledge-Intensive Firms

Ola Kvaløy and Trond E. Olsen

FALL 2008

Asset Management, Human Capital, and the Market for Risky Assets

Isaac Ehrlich, William A. Hamlen Jr., and Yong Yin

Fertility Decline, Baby Boom, and Economic Growth

Kevin M. Murphy, Curtis Simon, and Robert Tamura

The Impacts of Task Repetition and Temporal Breaks in Production on Human Capital and Productivity

Jason Hockenberry, Hsien-Ming Lien, and Shin-Yi Chou

SUMMER 2008

Specific Capital and Technological Variety

Boyan Jovanovic and Peter L. Rousseau

Childhood Educational Disruption and Later Life Outcomes: Evidence from Prince Edward County

Paul Heaton

SPRING 2008

Earnings Functions and Rates of Return

James J. Heckman, Lance J. Lochner, and Petra E. Todd

Labor Outflows and Labor Inflows in Puerto Rico

George J. Borjas

Do Students Care about School Quality?

Determinants of Dropout Behavior in Developing Countries

Eric A. Hanushek, Victor Lavy, and Kohtaro Hitomi

Education, Self-Selection, and Intergenerational Transmission of Abilities

Adalbert Mayer

WINTER 2007

Why Does Human Capital Need a Journal?

Isaac Ehrlich and Kevin M. Murphy

Education and Consumption: The Effects of Education in the Household Compared to the Marketplace

Gary S. Becker and Kevin M. Murphy

The Changing Role of Family Income and Ability in Determining Educational Achievement

Philippe Belley and Lance Lochner

The Production of Cognitive Achievement in Children: Home, School, and Racial Test Score Gaps

Petra E. Todd and Kenneth I. Wolpin

The Evolution of Income and Fertility Inequalities over the Course of Economic Development: A Human Capital Perspective

Isaac Ehrlich and Jinyoung Kim

*synopsis found on page 12

Marriage and Career: The Dynamic Decisions of Young Men by Eric Gould

Eric Gould, of Hebrew University, studied the relationship among the marriage, education and career decisions of young men and found a strong dynamic relationship among them. Using data from the National Longitudinal Survey of Youth (NLSY), Dr. Gould looked at the educational attainments and career choices of young men in the survey aged 16 to 39.

It is commonly accepted that the decision to attend college is partially motivated by the financial benefits in the workplace of earning a college degree. College graduates have better luck than non-graduates in finding good-paying white-collar jobs. But, Dr. Gould goes further by studying another contributing factor -- marriage.

His findings, published in the winter 2008 issue

of the *Journal of Human Capital*, show that desired future marriage options make men more likely to enroll in college and pursue white-collar jobs. Interestingly, he finds not only that success in the "marriage market" is influenced by human capital investments, but also that the quality of the marriage affects these decisions. Men want to find an educated spouse; especially one that is a good match. In fact, if these factors did not influence human capital decisions, men would actually work less, pursue less schooling and choose blue-collar jobs over white-collar jobs more often.

Dr. Gould's paper is available in the *Journal of Human Capital* and a more in-depth synopsis can be found on the Center of Human Capital website.

Major Research Areas

The *Journal's* dedication to the theme of human capital allows for research across a broad spectrum of economic areas including:

- *Income and wealth distributions*
- *Social mobility*
- *Labor economics*
- *Health economics*
- *Economic growth and development*
- *Aging and value of lifesaving*
- *Education and training*
- *Technology Transfer*
- *Household economics*
- *Entrepreneurship*
- *Productivity*
- *Immigration and economic globalization*
- *Social and political institutions*
- *Crime and corruption*
- *Information markets*
- *Financial markets*

Call for Papers

Encompassing microeconomic, macroeconomic, and international economic perspectives on the theme of human capital, the *Journal of Human Capital* is currently seeking papers in the above mentioned areas.

Please submit papers online at:

<http://jhc.edmgr.com>

E-mail: journalofhumancapital@press.uchicago.edu

Website: www.journals.uchicago.edu/JHC

Contact:

Managing Editor, Journal of Human Capital

The University of Chicago Press, 1427 E. 60th Street
Room 463, Chicago, IL 60637 USA

Tax Revenue Forecasts

Escalating deficits at the state and national levels are concerning policy makers desperately in need of accurate revenue forecasts. Researchers in UB's Center of Human Capital have been under contract to provide forecasts of state tax revenue to New York Comptroller Thomas P. DiNapoli.

State law requires the executive and legislative branches to come to a consensus on revenue forecasts for the upcoming fiscal year by March 1, otherwise the comptroller is required to issue such a forecast by March 5. As such, independent revenue forecasts could play a significant role in current and future budget negotiations. Since developing the model in 2007, the Center's continual forecasts have proved to be the most accurate when compared to the additional sources lawmakers rely upon.

Isaac Ehrlich, Ph.D., directs the project as head of the Center and is aided by Yong Yin, Ph.D., and several research assistants. The forecasts are issued twice a year by the team to the Office of the State Comptroller.

Council of Economic Advisors

Almost one year ago, New York Governor David A. Paterson convened a Council of Economic Advisors to provide him and his administration with expert economic advice. Among the 18 experts named to the council was SUNY and UB Distinguished Professor Isaac Ehrlich, Chair of the Department of Economics in the College of Arts & Sciences and Melvin H. Baker Professor of American Enterprise in the School of Management.

The council's membership includes leading economists, business executives, and former policymakers. Members are Robert Rubin, former

Treasury Secretary and former member of the Executive Committee of Citigroup; Joseph Stiglitz, 2001 Nobel Laureate; and Roger Altman, former Deputy Treasury Secretary and current CEO of Evercore Partners. Academics and economists from the University of Pennsylvania, Columbia University, and the Federal Reserve join other prominent business executives in making up the council.

Their first meeting was held in fall 2008, and since then the council has contributed advice informally to the Governor's administration. Ehrlich is one of only two members from Western New York.

Recession Dating

As the country continues to battle the recession, government officials are concerned not only with how to escape it, but also with how to prevent such a deep recession in the future. The national economy is often declared to be in recession several quarters after a recession's start - long after policy makers can act to prevent it or lessen its impact. While the National Bureau of Economic Research (NBER) is charged with making such declarations at the national level, economists in the Center of Human Capital have developed a model to be more proactive in declaring recessions at the state level.

The proprietary model developed by the Center actually predicts the onset of a recession using a number of economic variables and sophisticated econometric techniques. The model was validated through backwards testing performed by Center researchers. Essentially, this means that going back through time, the model correctly predicted the starting quarter of each recession in New York. The current recession is New York's fifth since the recession of 1973 -1975.

Professor Ehrlich is quick to point

out that this model cannot predict the length or magnitude of a recession. Nonetheless, the ability to predict the onset of a recession is a valuable tool for policymakers. If they can know earlier that the economy is going into recession, they can theoretically be more proactive in stopping or dampening the effects of the recession.

It is also worth noting that New York's recessions historically tend to be longer than national recessions. Ehrlich comments that the 2001 recession lasted three quarters at the national level, but lasted 10 quarters in New York State. We can likely expect a longer recession in New York this time around as well.

At the national level, the NBER's Business Cycle Dating Committee is responsible for declaring the existence of a recession; generally defined as a decline in economic activity for at least two consecutive quarters. However, as the NBER notes on their website, this is not the exact formula they use to assess recessions. They incorporate many more economic variables than just real GDP. They also consider the depth and length of the economic contraction.

The team in the Center is working to see if their model can be adapted to predict recessions at the national level. Check the Center's website for more information as the model is developed.

Stimulus Package

A number of programs and spending bills have been enacted in an attempt to pull the economy out of recession. Their purpose and expected effects have been hotly debated by economists, politicians and average Americans. New York's leaders in Albany are trying to figure out what all of this means for the state. Earlier this year, New York Comptroller Thomas P. DiNapoli engaged the Center to perform additional work for

The Center's activities

policy makers in Albany. He asked UB economists to assess the impact of President Obama's stimulus package for New York State.

Known formally as the "American Recovery and Reinvestment Act of 2009", the \$787 billion stimulus bill allocated funds to areas of domestic spending, as well as tax credits, in an effort to stimulate the economy. Professor Isaac Ehrlich led the team of Yong Yin, Ph.D., Alejandro Rodriguez, Ph.D., and Michael Qin, recent UB Ph.D. graduate, to determine how this spending might help New York. The research team gathered information on how federal policy makers developed the stimulus package and created an econometric model that analyzed the impact on New York State.

Conferences



Professor Isaac Ehrlich and Nobel Laureate Gary Becker at the October 2006 Conference.

In October 2006, the Center held its first conference at the Buffalo-Niagara Marriot. Prominent attendees included Nobel Laureate Gary Becker, author of seminal works in the field of human capital economics; and Nancy Stokey, Kevin Murphy and Sam Peltzman of the University of Chicago.

Now the Center is partnering with the Milton Friedman Institute for research in Economics at the University of Chicago to present a conference titled "New Directions in the Economic Analysis of Education" on November 20-21, 2009 in Chicago, IL.

Nobel Laureates Gary Becker (1992) and James Heckman (2000), as well as John Bates Clark Medal winner Kevin Murphy (1997), join Dr. Isaac Ehrlich, Director of the Center, in planning the conference. Accepted papers will be presented at three sessions. Anticipated topics include the role of education in gender issues, financial markets, family economics, health, and other human capital issues. Presented papers, as well as videos and pictures

from the conference, will be available via the Center of Human Capital's website following the event.

The Milton Friedman Institute for Research in Economics is a collaborative effort among the University of Chicago's Department of Economics, Booth School of Business, and Law School. According to its website, the MFI "...was established to preserve and foster the vibrant research environment that characterizes economics at the University of Chicago." The staff of the Center is pleased to be partnering with the Milton Friedman Institute on this important endeavor and we invite everyone to follow the conference proceedings in November.

In April 2010, the Center will host a conference in Buffalo focusing on financial economics. In addition to academics, conference organizers will invite presentations from business leaders. This unique approach provides perspectives from both academic economists and practitioners so that conference proceedings will be relevant to a wide range of audiences. Check the Center's website for more information and updates as the planning process continues.



News from Alumni –

1960s and 1970s

Alan Gerson, '66 BA, is chairman of the Gerson International Law Group, a Washington, DC based firm which specializes in public international law. He is recognized as the first attorney to engineer a practical basis for suing foreign governments for acts of terrorism. He brought the first suit against Libya on behalf of the families of the victims of Pan Am flight 103 and helped pass the 1996 landmark *Anti Terrorism and Effective Death Penalty Act*, which for the first time, allowed victims of terrorism to hold foreign governments accountable in U.S. courts. Dr. Gerson detailed his work on behalf of the families of Pan Am flight 103 in his book *The Price of Terror* (2001, HarperCollins), co-authored with Jerry Adler of *Newsweek*. Today he is engaged with lead co-counsel, Ron Motley, in a massive law suit against Saudi and other interests on behalf of the 9-11 families.

Stephen M. Miller, '72 PhD & '69 MA, is a tenured Professor of Economics and Department Chair in the College of Business at the University of Nevada, Las Vegas. Prior to that, he was Professor of Economics and Department Head at the University of Connecticut. He also held visiting positions with the Federal Reserve Bank of Boston for 5 months in 1978 and with the Congressional Budget Office for 12 months in 1987-88. His research interests include monetary, macroeconomic, and international finance theory and policy; international trade and applied microeconomic theory; financial institutions; and real estate lending. He has authored more than 100 professional



Kathleen E. Nieman '77 BA, has served as an analyst at the Federal Energy Regulatory Commission for the last 30 years, working on various policy initiatives involving the use of our nation's scarce energy resources. She has been a generous contributor to the Economics Department Resource Fund, as well as the Center of Human Capital's General Fund since its inception. Married to Tim Gordon since 1984, she currently resides in Falls Church, Virginia. As avid pet owners, Kathleen and Tom have been active in the Potomac Irish Setter Club. They love the theater and attend many sporting events, including University of Maryland football and women's basketball games.

journal articles and presented papers at professional conferences, universities, and other venues on more than 100 occasions. He appeared in *Who's Who in Economics*, 4th edition by Blaug and Vane, Edward Elgar Publishing, 2003.

Julia Allen, '76 BA, worked at AT&T in management in the areas of Marketing/Sales/Operations until 2002. She then took an early retirement and started her own company: The Allen Insurance and Financial Services Agency. It offers services in the areas of Personal Lines, Commercial, Life and Financial Services. She is appointed with The Farmers Insurance Group of Companies.

Paul T. Bandriwsky, '78 BA, is the Regional President for MB Financial Bank in Chicago, IL. He completed the BAI Graduate School of Retail Banking at the University of Wisconsin (Madison) in 2007. On 11 August 2009, he received an award from Mayor Richard M. Daley for the exceptional contributions he has made to the City of Chicago. On 14 August 2009, he received an Award of Excellence from Cook County Treasurer Maria Pappas for his contributions in making Cook County Illinois a better place.

Paul R Hammer, '78 BA, returned to Long Island, where he grew up, in 1991 and started his financial services career. He has achieved his CLU, ChFC, and AIF designations and completed his MBA. In 2003 he started Hammer Financial Group, an Independent Financial Services firm in Williamsville, NY. He was reconnected with UB recently and currently serves as a director for the UB Alumni Association.

1980s

Michael W. Reville, '83 BA & '87 JD, is an assistant Vice President and Chief Regulatory Counsel at National Fuel Gas Distribution Corporation in Buffalo. He is married to Amy Mercer and has two children ages 10 and 12.

Jeffrey Maitles, '84 BA, has been the Alternative Finance Manager for Latitude Equipment Leasing, a full-service commercial equipment leasing firm based in Marlton, NJ. He is also a Vice President with Rainmaker Alliance, LLC, a full-service insurance and planning firm based in Bohemia, NY. Currently, he is working with the New York City Police Department as the Preferred Insurance Specialist regarding Critical Illness Insurance and Life Insurance. Both of these positions are in concert with his own small business consulting firm JDM Capital Solutions, Inc. He resides in Nesconset, NY, with his wife Sharon and children Daniel, Lauren, and Gregory.

Harumi Ikezaki, '88 BA, received her MBA from UCLA after she graduated from UB. She then worked in a big 5 accounting firm in the US and Europe before moving to Japan in 1995. There she joined Goldman Sachs and worked most of his career in a Strategic Investment Group. She has retired in summer 2009 and is exploring different options for her second career. She is married with two children.

Charles O'Connor, '88 BA, worked as a computer lab supervisor at CEDAR (Center in Excellence for Document Analysis and Recognition) at UB. He is currently working as a management trainee with a Buffalo area McDonald's.

News from Alumni –

1990s

Michael Cross, '93 EdM & '91 BA, is the Executive Associate Director of Athletics at Princeton University. In November, 2008, he launched an intercollegiate athletics blog, www.UltimateSportsInsider.com, which has devoted more than half of its coverage to the economic and budgetary issues confronting college sports.

Ryan D. Nowicki, '97 BA, is an associate in the Tax Department of the west coast law firm of Glaser, Weil, Fink, Jacobs, Howard and Shapiro, LLP. In June 2009, he achieved the designation of being an Accredited Professional under the Leadership in Energy and Environmental Design (LEED) program administered by the U.S. Green Building Council. Prior to joining Glaser Weil, he was a member of the tax department at a major international law firm in Washington, D.C., and also served as a Legislation Counsel Extern for the Congressional Joint Committee on Taxation on Capitol Hill. He currently lives in Hermosa Beach, California, with

his wife, Karen, who is a Forensic Accountant.

Neil S. Glazer, '99 BA, started PilotMall.com Aviation Superstore, which has grown into one of the largest resellers and wholesalers of pilot and aircraft supplies in the US. PilotMall.com currently operates its mail order division out of St. Petersburg, FL. PilotMall.com has retail stores in both St. Petersburg, FL, and Lakeland, FL.

2000s

Tomasz Wieladek, '03 BA, is working for the Bank of England as a Research Economist in the International Finance Division. He completed an MA in economics from Boston University in 2004, received his MPhil in Economics from the University of Cambridge, UK, in 2005, and his PhD in International Economics from the Graduate Institute of International Studies in Geneva, Switzerland.

Patrick Baiocco, '04 MA, is an independent financial advisor focusing

on the development, structuring, and financing of energy and infrastructure investments. He recently served on the management teams of BQ Energy and Process Energy Solutions where he directed project finance modeling of a 750MW portfolio of commercial wind projects located across the NYISO, MISO and SPP grids. BQ Energy's "Steel Winds" was honored with Power Engineering magazine's 2007 Project of the Year award and was featured on the NBC Nightly News and History Channel.

Rahul Jain, '06 PhD, is an Assistant Professor at the University of Georgia, Athens, GA.

Syed M. Kamal, '09 MA, is currently a first year doctoral student in the Finance Ph.D. program at the University of Tennessee, Knoxville.

Xuezheng Qin, '09 PhD, is an Assistant Professor of Economics in the School of Economics at Peking University, PR. China.

We love to hear from you and want to share your stories of what you have been doing since graduating from UB with the rest of the UB Department of Economics alumni, student and faculty community. In addition, we'd be happy to publish photographs relating to the Department in future newsletters. Please email your information to Xiaohui Ma (xma3@buffalo.edu).

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Your comments, suggestions and news are most welcome! Please direct your comments to:

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