

# The Marginalist

Yearly Journal for  
the SIU Carbondale Economics Department

2012 ISSUE

**SIU** SOUTHERN ILLINOIS UNIVERSITY  
CARBONDALE DEPARTMENT OF  
ECONOMICS



## this issue

Greetings from the Chair  
Alumni Updates  
Faculty News: Publications and  
Presentations  
Student News: Publications and  
Presentations  
Vandeveer Speaker Series

## Southern Illinois University Economics Department – Message and Overview

The study of economics examines how entities from individuals to nations allocate resources to achieve objectives congruent with their desires and interests. A strong economics background can help one better predict movements in stock markets, achieve a balance between economic policy and environmental goals, recognize the costs and benefits of increased globalization including international trade, and predict how different government policies influence the business cycle. A bachelor's degree in Economics gives one the analytical ability and flexibility attractive to a wide range of employers such as commercial and investment banks, stock brokerages, insurance companies, government agencies and even overseas employment. The master's degree program is designed to allow the student to take courses in theory as well as applied economics. The doctoral program is built around a core of courses in microeconomics and macroeconomics and allows the student to specialize in two fields.

## Marginalist Staff Members

**Editor:**  
Xu Xu

**Faculty Advisor:**  
Professor Subhash C. Sharma

**Assistant Editors:**  
Mr. Markum Reed  
Mr. Kent Dolezal

# Letter From The Chair

## Greetings from Carbondale!

This winter was very mild and spring came ahead of schedule. But no one is complaining and everyone rather enjoyed a very mild winter and early spring. Changes are happening around campus. The two story parking lot in front of Faner Hall was demolished during Christmas break, and construction has started on this site for a new student services building where all offices from Woody Hall will be moved.

Regarding the Economics department, we have changes as well. We will hire a Visiting Assistant Professor for the 2012-2013 academic year. As I noted in my letter last year, the department has finally gone high tech. Not only does our conference room/graduate teaching room now have state-of-the-art new technology, but the department now has a completely new computer lab of the same size as this lecture room. The new computer lab is constructed by combining the old computer lab and the Vandever Chair Professor Lahiri's office (formerly Professor Takayama's office). This lab consists of new tables, chairs, and sixteen new computers equipped with E-views, STATA, and SAS, among other software. Moreover, this new lab has state-of-the-art technology, including a ceiling projector, lectern, and smart symposium. Graduate students are really enjoying the new lab and some of the faculty use the lab to teach their graduate classes to demonstrate the use of software to their students.

The enrollment in our graduate program has increased and there are now around fifty graduate students. The faculty members in the department are very enthusiastic with helping students in their Dissertations and Theses. During the 2011-2012 academic year, twelve Ph.D. and five Master's students will graduate from the department. On average six or seven Ph.D. and four or five Master's students graduate each year. Last year's Ph.D. graduates are all settled and are working at Missouri University of Science and Technology; WIDER/UN University, Helsinki; University of Cyprus; Texas A&M University; DePauw University and Chadron State College, Nebraska. The Economics graduate program is well known around the world. Here is an example of this fact: one of our Ph. D. students, Mr. Kazi Ahmed, was invited to attend the 4<sup>th</sup> meeting of the Winners of the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel. He attended the meeting held in Lindau, Germany from August 23-27,

2011 where seventeen Nobel Laureates and about 370 young economists from 65 countries attended the meeting. Mr. Ahmed was part of a thirty member U.S. team. The meetings were inaugurated by German Federal President Christian Wulff. Mr. Ahmed was also invited to a dinner cruise on Lake Constance hosted by President Wulff. All of the laureates and only twenty-four young researchers were invited to this cruise. All the thirty members of the U.S. team attended a lunch hosted by sponsors. When asked about his experience, Mr. Ahmed said, "I feel that attending the 4<sup>th</sup> Landau Meeting on Economic Sciences has been a great experience for me and I believe that this will help me in my future work and career."

The students in the department greatly benefit every year from the Endowed Scholarships available to them. These scholarships are the Thomas and Chany Chung Scholarship, the Glen W. and Cornelia Y. Miller Scholarship and the Garret A. and Susan J. Pierce Scholarship. The department and faculty are very grateful to the individuals and alumni who have endowed these scholarships. These scholarships have made a major impact on the lives of so many individuals. Moreover, many of you have contributed quite generously and regularly to our Alumni Fund and I would like to sincerely thank you for your contributions. This money has been used to provide awards to our undergraduate students at the Honor's Day Ceremony, and some support for travel to meetings for our graduate students. This support is very much appreciated by our students.

As part of our alumni outreach, I would like to list information about all of our alums (Ph. D., M.S. and B.S.) on our website. It will allow you to stay in touch with each other and also allow the department's prospective students to see what our graduates have been able to accomplish with their degrees. I would appreciate it if you can update your information on the department web page by using the link:

<http://www.economics.siu.edu/alumni/alumninews.html>.

I am always interested in hearing from you. Please feel free to contact me via email: [sharma@siu.edu](mailto:sharma@siu.edu) or by phone at 618-453-5082.

- **Subhash C. Sharma, Professor**

# Alumni Updates



**Dr. Tammy Parker** is a Full Professor of Economics at the University of Louisiana at Monroe (ULM) College of Business. She is a native of Mt. Vernon, Illinois and previously taught at the University of Michigan at Flint. She received her Doctorate of Philosophy in Economics from Southern Illinois University in 1996 with specializations in monetary and international economics. Dr. Subhash Sharma was her dissertation chair and she has had three co-authored papers with him. Since beginning at ULM in 1997, her teaching has focused on macroeconomics, monetary theory, and entrepreneurship. She has authored over 40 journal publications and has presented at over 50 conferences, including international conferences in Slovakia and Australia. Her research has focused primarily on exchange rates, business cycles, and family-owned businesses. Dr. Parker received the ULM Outstanding Professor of the Year Award in 2005 and the ULM Athletic Foundation Faculty Recognition Award in 2011. She held the ULM Alumni Endowed Professorship for several years and currently holds the ULM CBA Faculty Fellowship.

What is the most valuable lesson learned from SIU?

I learned to value my professor's expertise, opinions and advice. All of my professors at ULM took a real interest in the students. They knew our names, talked to us, and worked with us. It was a very comfortable atmosphere. A big thing I learned was "what it means to be an academic." Dr. Sharma always emphasized the importance of the "3 legs of academics"—teaching, research and service. He demonstrated his commitment to all three every semester. It is an important lesson to see, learn and live. The importance of research always

has to be paramount without sacrificing your teaching and service. To survive in academics, you must be active in research. SIU and Dr. Sharma provided me the foundation to do just that.

What changes have occurred in academics during your career thus far?

The big change for me has been the move to online courses. ULM now offers many degrees online. The online degrees that I teach classes in are General Business degree and Health Studies (with a business concentration) degree. We also have our MBA offered online. The online format has changed my organization and planning for all of my courses. It has made all my classes better organized and I include more resources to students than before (recorded videos of lectures, weblinks to topics related to class, additional handouts). Many of these I developed specifically for my online sections, but my regular classes have benefited as well. I spend a greater amount of time in teaching-related activities than I used to.

Advice for students:

Study, study, study. You cannot study and read enough. Before you graduate with your PhD in Economics, present at two or more conferences. Complete a research project, present it at conferences, and get it published. Make good grades. Work hard at your teaching assignments. But, always know that you have to complete and publish research. To accomplish this, you need to be spending nights and weekends working on it. When you become an assistant professor and until you get promoted and tenured, you'll also need to work nights and weekends. Stay focused. Get the research started and more importantly finished!!

## Alumni Updates



### **Dr. Henry Y. He:**

I am currently working at UBS Global Asset Management as a software engineer director and leading Fixed Income IT development. My responsibilities include design and development of a software platform that provides Fixed Income analytics and trade generation for Fixed Income users in Global Asset Management Business.

I graduated in 1996 with a Ph.D. in economics. Originally, my goal was to become a professor in economics; unfortunately, the search didn't pan out as I had expected. However, I would advise students to always see adversity as an opportunity. I applied and was accepted to the graduate program in the department of computer science at University of Illinois at Urbana-Champaign. With my combined background in economics and computer science, the job market was wide open for me, and I started my first job in 1997 at the Department of Investment at the First National Bank of Chicago (now Investment Banking at JP Morgan).

During the last fifteen years in Chicago, I have worked in several fields of expertise related to financial engineering and derivative trading systems. The rigorous training in economics, in particular in econometrics and financial markets, has given me the strong background to understand futures, options and fixed income products. I am thankful that Dr. Grabowski offered me admission and a graduate assistantship and that Dr. Sharma supervised my dissertation. Dr. Sharma and I remain in close relationship and his dedication to his work sets example for me. I found this to be true of many of my professors in the department.

Besides academia, there are many different positions in the financial services industry. The beginning of any career is difficult, especially in this market, but I can offer a few hints. Internships should be seen as opportunities to establish relationships, not just as another task. Ultimately, people hire those they know and trust so use that time wisely. Finding a niche in the market also means having the ability to be unique. A few programming courses many help economics students successfully become financial software engineers. No matter what you choose to do in your career, success comes to people who have a burning desire and want to work hard at it.

# Faculty News: Publications and Presentations 2011-2012

Dr. Richard Grabowski

## Published Papers:

"The Economic Takeoff of China: A Few Similarities with Japan," *The Chinese Economy* 44(March-April 2011), pp.5-24.

"Is There Gender Bias in Participation in Early Childhood Education Programs in Developing Countries? The Role of Mother's Education," with Sharmistha Self, *Journal of International Development* 23(October 2011), pp.905-925.

"What Can India Learn From China (and Japan)?" *Bulletin of Political Economy* 5(December 2011), pp. 129-153.

"Indonesian Economic Development: Political Economy of a Developmental State," *Journal of the Asia Pacific Economy* 16(May 2011), pp.241-253.

"The Evolution of the State and Taxation: Role of Agriculture," *International Journal of Development Issues* 10(2011), pp.188-203.

"A Comparison of Latin American and African Development With An East Asian Twist," *Asian-Pacific Economic Literature* 24(November 2011), pp.241-253.

"Opportunities for Women and Islam: Variations Upon Variations," with Sharmistha Self, *Applied Economics* 44(January 2012), pp.65-79.

"Female Autonomy and Health Care in Developing Countries, with Sharmistha Self," *Review of Development Economics* (forthcoming).

"Mother's Autonomy: Impact on the Quality of Children's Healthcare in India," *Applied Economics*, with Sharmistha Self, (forthcoming).

## Papers Presented at Meetings:

"Son Preference, Female Autonomy, and Maternal Health Care in Rural India," with Sharmistha Self, presented at the Southern Economic Association Meetings, November 2011.

## Dr. Sajal Lahiri

### Chapters in Books:

"Assimilating under Credit Constraints: Public Support for Private Efforts," forthcoming in: Gil S. Epstein and Ira N. Gang, eds., *Migration and Culture* (Frontiers of Economics and Globalization, Volume X), Emerald Publishers, London.

"Conflict and Trade with Third-Party Intervention: A Stylized Model for Cyprus," forthcoming in Öner Günavdi, ed., *The Challenge of EU Enlargement: Northern Cyprus - Understanding a Small Island Economy in Isolation*, Nova Science Publishers, New York (with M. Özgür Kayalica).

### Journal Articles:

"An Oligopolistic Heckscher-Ohlin Model of Foreign Direct Investment," *Japanese Economic Review*, 2011 (with Yoshiyasu Ono)

"Tax Competition with Asymmetric Market Structures: The Role of Policy Instruments," forthcoming in *Journal of International Trade and Economic Development* (with Qian Hao)

"Trade and Domestic Tax Reforms in the Presence of a Public Good and Different Neutrality Conditions," forthcoming in *International Tax and Public Finance* (with P. Hatzipanayotou and M.S. Michael)

"Cost Heterogeneity and the Destination of Japanese Foreign Direct Investment: A Theoretical and Empirical Analysis," *Japan and the World Economy*, 2011 (with S. Katayama and E. Tomiura)

"International Joint Venture with Double-Sided Moral Hazard: Payment Arrangements and Credit Constraints," forthcoming in *Oxford Economic Papers* (with Chifeng Dai)

"Cross-Border Lobbying in Preferential Trading Agreements: Implications for External Tariffs and Welfare," forthcoming in *Review of International Economics* (with Subhayu Bandyopadhyay and Howard J. Wall)

"The Impact of ethanol production on food prices: The role of interplay between the U.S. and Brazil," forthcoming in *Energy Policy* (with Nathalia Monteiro and Ira Altman)

"Peace Dividends in a Trade-theoretic Model of Conflict," *Economics Bulletin*, 2012. (with Valerica Vlad)

"Can a merger take place among symmetric firms?" forthcoming in *Journal of Microeconomics* (with Mahelet G. Fikru)

# Graduate Student News

## Publications and Presentations 2011-2012

### Mr. Seifu Gebrehanna

"Exchange Rate Regime Choice and Export Volume: Evidence from 17 Emerging Economies," paper presented at Midwest Economic Association, Saint Louis, MO (March, 2011).

"Foreign Aid Fungibility in sub-Saharan Africa" with Mukti Upadhyay, forthcoming at Indian Development Review: An International Journal of Development Economics - ISSN: 0972-9437.

### Mr. Sokchea Lim and Mrs. Channary Khun

"U.S. bilateral trade deficits with China and Japan: The role of Japanese direct investment." Empirical Economics Letters, 10(6), 527-534: (June 2011)

### Mr. Sabri Yilmaz

#### Published Papers:

"A Game-Theoretic Approach to Connectivity Restoration in Wireless Sensor and Actor Networks", Proceedings of IEEE ICC 2012 (to appear), with I. F. Senturk and K. Akkaya.

"Distributed Relay Node Positioning for Connectivity Restoration in Partitioned Wireless Sensor Networks", Proceedings of IEEE ICSC 2012 and IEEEExplore (to appear) with I. F. Senturk and K. Akkaya.

#### Papers Presented at Meetings:

"Multiple Traders' Networks under Asymmetric Information," presented at the Fourth World Congress of Game Theory Society, Games 2012, Istanbul, Turkey, (paper accepted for poster session, July 25, 2012).

"Multiple Traders' Networks under Asymmetric Information," presented at Midwest Economics Association, 2012 Annual MEA Meeting, Evanston, IL, (paper accepted for presentation, March 31, 2012).

"Multiple Traders' Networks under Asymmetric Information," presented at the Missouri Valley Economics Association, 48th Annual Meeting, Kansas City, MO, and (October 21, 2011).

"Trade Networks under Asymmetric Information," presented at the Midwest Economics Association, 2011 Annual MEA Meeting, St. Louis, MO, (March 20, 2011).

## Principles for Teaching Success 2011-2012

Every truth has four corners: as a teacher I give you one corner, and it is for you to find the other three. This saying by Confucius best describes the role that I see myself in as a teacher. I believe that the best possible way to guide students is by helping them develop their cognitive capability to self-learn and apply that ability beyond the class room. To make the subject matter interesting to students a teacher needs to present it in a way that students can relate it to their environment. So he needs to know each student very well, being aware of their varying levels of interest, enthusiasm and aptitude. I have found group discussions and assignments to be useful teaching tools, as students sometimes better understand each other than the instructor. My interest in teaching developed when as a student I was trying to explain the subject matter to my peers and answering their questions actually increased my understanding of it. Class discussion also allows the instructor to adapt the speed and content to be taught in a class to match with the students' strength, weaknesses and interests.

To facilitate such communication, the teacher can provide the outline of materials to be covered in a class ahead of time so that students can start thinking about the issues and ask questions as I discuss the topics in the class. Students' interest in a topic also increases when they see its application in real life. Let it be an issue of public policy or personal choice, presenting the problem from the real agent makes it more appealing. Inviting these agents' as guest speakers, showing video footage of their talks or even visiting their blogs are few of the many ways of doing it. I believe that the appropriateness of any teaching style depends on the content and also on factors related to the environment. My short teaching experience has increased my appreciation for this profession. This is something I enjoy and hope to carry on doing for years to come.

*-Kazi Ahmed*



## Department of Economics

Southern Illinois University  
Carbondale

1000 Faner Drive, Carbondale, IL  
62901

Mail Code: 4515

Phone: 618-536-7746

Fax: 618-453-2717

<http://economics.siu.edu/>

# VANDEVEER CHAIR SPEAKER SERIES, SPRING 2012

## **Friday, February 3, 1:00 p.m. in Neckers 218**

Speaker: Professor Janet L. Lauritsen, University of Missouri, St. Louis

Topic: Using Survey Data to Better Understand Associations between Economic Conditions and Violence

## **Friday, February 3, 3:00 p.m. in Faner 1326**

Speaker: Professor Richard B. Rosenfeld, University of Missouri, St. Louis

Topic: Crime and Inflation

## **Friday, March 23, 3:00 p.m. in Faner 4135**

Speaker: Professor Aditi Sengupta, Auburn University

Topic: Competitive Investment in Clean Technology and Uninformed Green Consumers

## **Friday, April 6, 3:00 p.m. in Faner 4135**

Speaker: Professor Tibor Besedes, Georgia Institute of Technology

Topic: Export Growth and Credit Constraints

## **Annual Vandever Chair Public Lecture**

### **Thursday, April 12, 6:00 p.m. in the Student Center Auditorium**

Speaker: Professor Philip Cook, Duke University

Topic: Public Safety through Private Action

### **Friday, April 20, 3:00 p.m. in Faner 4135**

Speaker: Professor A.K.M. Mahbub Morshed, Southern Illinois University Carbondale

Topic: Institutions, Inequality and Real Wage

### **Friday, April 27, 3:00 p.m. in Faner 4135**

Speaker: Professor Niloy Bose, National Science Foundation and University of Wisconsin at Milwaukee

Topic: Tax Evasion, the Underground Economy and Financial Development



DEPARTMENT OF ECONOMICS  
FANER 4121 - MAIL CODE 4515  
SOUTHERN ILLINOIS UNIVERSITY CARBONDALE  
1000 FANER DRIVE  
CARBONDALE, ILLINOIS 62901

Non-Profit Org.  
U.S. Postage  
PAID  
Permit No. 15  
Carbondale, IL