

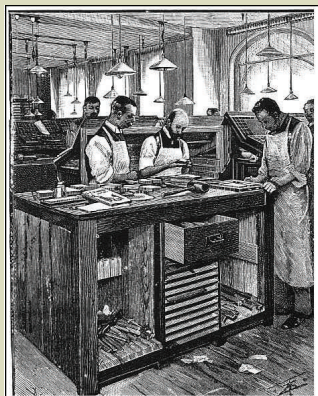
ALUMNI NEWS

DEPARTMENT OF ECONOMICS

INDIANA UNIVERSITY OF PENNSYLVANIA ☞ INDIANA, PA 15705-1087

Issue 41, Spring 2007

IN WITH THE NEW



If you have been away from campus for a while, you may not be aware of some big changes taking place at IUP. Although the staffing changes in the Department of Economics has settled down after a few years of activity, the rest of the campus is going through a transition that promises to revitalize both the university and non-academic community.

The Crimson Hawk

IUP has ceased using the mascot, the Indian, and its commonly substituted Cherokee bear. At the December 2006 meeting of the Council of Trustees the Crimson Hawk was adopted as the new mascot. The decision follows a policy by the NCAA that colleges and universities are subject to restrictions on the use of Native American mascots, names and imagery at NCAA championships. Almost 170 nickname and mascot suggestions were submitted at the request of the Council of Trustees at their September 2006 meeting. All the nickname suggestions were reviewed by a number of focus groups of alumni, students and administrators, which ultimately lead to the choice of the Crimson Hawk. Crimson and gray are IUP's colors.

Hawks are native to Indiana County and have been spotted in the Oak Grove. The IUP Indians nickname had been in use since the 1930s, when the nickname was coined by an Indiana Gazette sportswriter.

Scrap yard to be moved

On January 9, 2007, State Senator Don White, IUP President Tony Atwater, Indiana

County Commissioner Chairman Rodney Ruddock and the Pennsylvania Department of General Services announced the formal acquisition by the state of approximately 33 acres of property along Wayne Avenue, previously owned by the Kovalchick Salvage Company, to be the home of the Indiana Regional Convocation Center (IRCC).

Groundbreaking for the 150,000-foot facility, to be named after the Kovalchick family, is planned for 2008 with occupancy set for April 2011. The facility will include a 4,000- to 6,000-seat arena; administrative offices for the John P.

Murtha Institute for Homeland Security; athletic department administration offices; and state-of-the-art conferencing facilities. It is predicted that IRCC construction will have a one-time impact of \$22 million and 125 jobs. The project will inject approximately \$7.8 million in new spending into the local economy each year. See www.iup.edu/ircc for more information about the Indiana Regional Convocation Center.

New Residence Halls

Grant Street, as it runs through campus, is no longer recognizable. The new Suites on Grant is changing this section of campus and promises to be a new focal point of academic and student-life activity. The facility will also feature what is known as Living-Learning Communities which are designed to offer students the opportunity to interact academically and socially with



Photo: Red-tailed hawks inhabit IUP's Oak Grove. This photo, taken in August, 2006, was shot from the third floor of Sutton Hall.

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Editor: Jack D. Julian, Jr.

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CAMPUS CHANGES

CANADA-U.S.-CHINA

ASSESSING CHINA'S IMPACT ON CANADIAN-U.S. TRADE: AN INTERVIEW WITH DAVID YERGER

During the past two years Dr. David Yerger has developed an active research agenda investigating how the rapid growth of China's market penetration into U.S. and Canadian markets is altering Canadian-U.S. trade patterns. This work is being done jointly with Dr. Gary Sawchuk, a Ph.D. economist with the Canadian Federal Government. What follows are highlights from an interview with Dr. Yerger regarding this research program.

Q: Why Canada? How did you get involved in Canadian research?

A few years ago I presented a research paper at a conference in Washington D.C. that examined changes over the past 25 years in U.S. states' manufacturing structures. Dr. Sawchuk attended my session and post-session conversations lead to our collaborating on our first paper. That paper examined how variations across Canadian provinces in the relative importance of U.S. states as export destination markets, combined with variations across these states in their rate of economic growth, impacted the growth of provincial exports to the U.S. Our current work on how China is altering Canadian-U.S. trade interactions grew out of this earlier research.

Q: What are the key questions you have been investigating, and why these questions?

We have been analyzing how Canada's exposure to the United States and to other nations, China in particular, on sales in both Canada and the United States has been changing since the early 1990's. This question is of interest because of a few major, but potentially offsetting, developments in the international economy over the past fifteen years.

One factor is the rising economic integration across the three North American economies following enactment of the Canada-U.S. Free Trade Act in 1989 and bringing Mexico into the free trade zone with NAFTA in 1994. These trade agreements by themselves would tend to lessen the importance of non North American nations on sales in Canadian and U.S. markets.

Two other global forces, however, would be expected to lead

to a reduction in the exclusiveness of Canadian-U.S. interactions within North American markets. First, the ongoing rate of increased globalization, particularly within the supply chains for the manufacturing sector, should be raising the market exposure both Canadian and U.S. firms have to production taking place outside of North America. In addition, the rapid growth of China's exports to both the United States and Canada across many different product categories would be expected to raise Canadian and U.S. firms market exposures to Chinese production.



Dr. David B. Yerger

Q: What is different about the approach you have taken as compared to other research work on this topic?

Previous work on this topic tended to be rather ad-hoc in its analysis. Folks would identify a handful of industries or commodity groups that were important to Canada for sales to the USA and then examine what other nations also sold to the USA in these same industries or product groups. What was lacking was any measurement tool that would quantify the degree of market overlap between Canada and another nation across all industries and product markets in the USA.

We developed such a measurement statistic—referred to as the MOM (market overlap measure). MOM can be interpreted as a weighted-average measure of the market share held by some other nation in USA markets. The weights are done to make those markets most important to Canada carry a larger weight than those markets relatively unimportant to Canada. MOM has several nice mathematical properties that allow one to identify the contribution by industry or product group to Canada's overall exposure to a nation; and, to identify the key industries or product groups driving

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ASSESSING CHINA'S IMPACT ON CANADIAN-US TRADE, CONTINUED

(Continued from page 2)

changes over time in Canada's exposure to other nations.

Q: What research has been produced to date?

There have been two papers released by the Canadian government through the Policy Research Initiative office, a third paper is to be released shortly, and a less technical version of the research has been published in the Canadian government-sponsored policy journal *Horizons*. Portions of the research have been published in the academic journal *Competition Forum*, and another paper is forthcoming in the *Journal of Global Competitiveness*.

Q: How has the work been received? What has been the interest in your findings?

The policy analysis community in Canada has been receptive to our work. Findings have been presented at the past three national meetings of the Canadian Economic Association's annual meetings and at multiple Canadian government conferences. Some of our work was distributed in October 2006 at meeting for all of Canada's Assistant Deputy Ministers on aspects of Canada-China relations. My colleague Dr. Sawchuk also was sent to China in December 2006 to present our work at a conference sponsored by the Canadian government jointly with a few major research universities in China. Since that presentation, we have had conversations with Canada's ambassador to China and the economics staff at the U.S. embassy in Ottawa.

Q: What do you believe to be the most important findings from your research to date?

While at the moment the industries and commodity groups in which China is most specialized are not the same as the sectors most important to Canada, the sheer breadth across sectors of China's increased market penetration means Canada already has significant exposure to China in North Ameri-

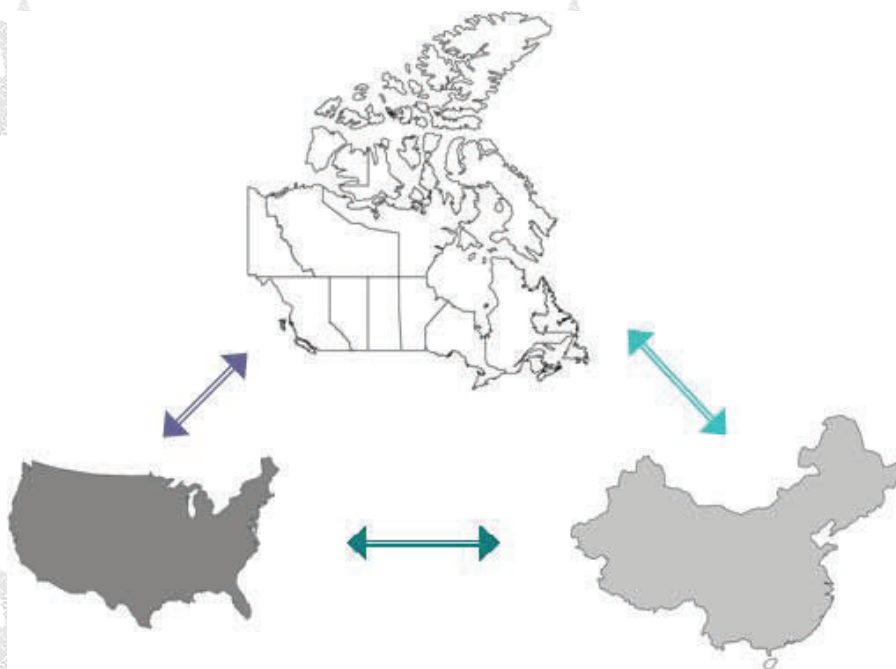
can markets. Our analysis finds that regarding sales in the Canadian market, Canada's exposure to China already is larger than for any other nation besides the USA. In U.S. markets, Canada's exposure to China presently lags its exposure to Mexico, Japan, and Germany.

If, however, recent rates of market penetration continue, it is quite possible that by 2010 Canada's exposure to China on sales in the USA will be larger than its exposure to any nation other than the USA itself. What develops over the next decade in the motor vehicle and parts sector in particular will have much to do with China's importance to Canada as a competitor in North American markets. This is an issue of increasing importance to Canadian policy-makers. Our work shows that to date there has not been much of an impact in this sector from China upon Canada, but we have seen rapid rates of market penetration by China in other manufacturing sectors in recent years.

If this pattern emerges for motor vehicles and parts, the Canadian economy, Ontario in particular, will face significant adjustments.

Q: What's next? Is any related work ongoing or planned?

We are in the midst of a more detailed study focusing solely upon the motor vehicle and parts industry. This work will be presented over the summer at a conference sponsored by Statistics Canada and then in the fall at the national meetings of the American Canadian Studies Association. Other work I hope to complete over the next year is to do similar analysis focusing upon Mexico-USA trade interactions and on how China's rise in North American markets is impacting Japan and South Korea. As always, there are more ideas than time available to pursue them.



FACULTY NOTES

On February 28, 2007, **Dr. Nicholas Karatjas** participated in the MBA Non-Credit Certificate Program offered by the Eberly College of Business and Information Technology. The 6½-hour workshop titled “The Economics of Health” took place at Indiana Regional Medical Center and was customized for health care professionals.

“Learning by Doing: Teaching Introductory Econometrics with an Applied Approach,” co-authored by **Dr. Stephanie M. Jozefowicz** and **Dr. James J. Jozefowicz**, has been accepted for publication by *Perspectives on Economic Education Research*.

Dr. Stephanie M. Jozefowicz has been elected to the Executive Committee of the National Association of Economic Educators.

Dr. James J. Jozefowicz and undergraduate student, **Ali R. Cannoni**, presented “Income Inequality and Educational Attainment Rates: The New York Story” at the Eastern Economic Association Conference in New York City in February 2007.

Dr. James J. Jozefowicz and undergraduate student, **Shannon M. Stare**, presented “The Effects of Environmental Factors on Cancer



Back row (left to right): James Dyal; Yaya Sissoko; James Jozefowicz; Todd Potts.
Middle row: Nicholas Karatjas, Chair; Willard Radell; David Yerger; Jack Julian.
Front row: Sarah Jackson; Stephanie Jozefowicz.

Incidence Rates in a Sample of OECD Developing Countries” at the Eastern Economic Association Conference in New York City in February 2007.

Dr. Stephanie M. Jozefowicz and undergraduate student, **Zoë K. Thorkildsen**, presented “An Exploration of Dependent Variable Specification in Educational Production Functions” at the Eastern Economic Association Conference in New York City in February 2007.

Dr. Stephanie M. Jozefowicz and **Dr. James J. Jozefowicz** presented “Choosing a ‘Paper Pregnancy:’ Determinants of International Child Adoptions Completed by U.S. Parents,” co-authored with **Tiffany M. Hicks ('05)**, at the Southwestern Social Science Association Annual Conference held March 14-17, 2007, in Albuquerque, NM.

Dr. Yaya Sissoko presented “Military Expenditure, External Debt, and Financial Turmoil: The Case of Brazil,” at the 2007 Annual Meeting of the Midwest Economics Association held March 23-25, 2007, in Minneapolis, MN (with Mete Feridun, Faculty of Business and Economics, Cyprus International University, Nicosia, Cyprus).

Dr. David Yerger presented “Shifting Competitive Exposures in North American Vehicle Markets” at the Pennsylvania Canadian Studies Consortium Annual Meeting held at IUP on March 23-24, 2007.

Special notes:

Congratulations to **Dr. Yaya Sissoko** and his wife on the birth of their daughter on November 1, 2006.

Congratulations to **Dr. Sarah Jackson** for her successful completion of Doctor of Philosophy degree from University of Illinois in December 2006.

Congratulations to **Dr. Todd Potts** for finally getting his arm cast removed. [*ed: Be careful on that bicycle.*]

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BLOGWATCH WITH DR. DAVID YERGER

In the past few years there has been a dramatic increase in the availability of high quality analysis on important timely economic issues that is free to the reader on weblogs or “blogs.” There has also been an explosion of poorly written postings on important timely economic issues that are free to the reader on blogs. Which, if any, of these blogs are worth some of your valuable scarce time? That depends of course upon your own preferences and interests, but in this short note I will highlight several blogs that I have found to consistently generate high quality analysis on topics I follow more closely than most folks.

For the most part, the blogs listed here are lighter on the politics and ideology with more emphasis on analyzing the economic components of an issue. If I was confined to only reading one economics-related blog, it without a doubt would be **Econbrowser: Analysis of current economic conditions and policy** at www.econbrowser.com. The site is run by James D. Hamilton, a Professor of Economics at the University of California, San Diego and Menzie Chinn, a Professor of Public Affairs and Economics at the University of Wisconsin, Madison. This site consistently presents absolutely first-rate economic analysis of many key macroeconomic, international trade and finance, and energy related issues. I regularly assign readings from this site to my students and encourage economics majors to spend an hour a week reading postings from this site.

Another quite well done site covering many topics in macroeconomics is **Macroblog** at macroblog.typepad.com/macroblog/ by David Altig. Dr. Altig is currently vice president and associate director of research in the Research Department of the Federal Reserve Bank of Cleveland and an Adjunct Professor of Economics in the Graduate School of Business at the University of Chicago.

Two other sites I regularly check, and are linked extensively with the above two sites are **Brad Setser's Web Log** at **Roubini Global Monitor** at www.rgemonitor.com/blog/setser/ and the **Calculated Risk** web site at calculated-risk.blogspot.com/. While Setser does cover multiple macroeconomic topics, I have found his site to be most useful for its analysis of international trade/finance issues, especially China-related topics. The Calculated Risk site focuses upon the housing and home mortgage market issues. It is run by ‘a senior executive, retired from a public company, with a background in investing, finance and economics.’

While most of my blog reading relates to either macroeconomic or energy issues, I do on occasion use materials from the more microeconomics-oriented site **Marginal Revolution** at www.marginalrevolution.com. The site is maintained by Tyler Cowen, professor of economics at George Mason University and at the Center for the Study of Public Choice, and Alex Tabarrok, associate professor of economics in the department of economics at George Mason University and also research director for The Independent Institute. Professors Cowen and Tabarrok are perhaps more confident than am I regarding the number of different situations in which the best policy response is for the government to do nothing and just let the market reach its equilibrium, but they make their arguments well and clearly. Much can be learned from time spent reading at this site.

Lastly, a warning: economic blog reading can become addictive (and it goes GREAT with coffee). That said, I would encourage you to take up the same challenge I give students in my upper-level classes. Give up one hour per week of watching ESPN, HBO, etc., and replace it with one hour of reading on the above blogs. You might be surprised by how interesting you find the hour.



Dr. David Yerger, enjoys his favorite blogs with coffee.

CAMPUS CHANGES

(Continued from page 1)

others with shared interests, as well as having opportunities to participate in non-academic programming designed to complement their academic interests.

Although the cost of living in a Grant suite is greater than that of other residence halls on campus, for many the amenities could be worth it. The Suites on Grant promise to be more spacious, incorporate more private bathrooms (no more than 2 people to 1 one bathroom), and have air conditioning. Students may choose between two-person and four-person suites. At press time, the facility, scheduled to open Fall Semester 2007, is completely booked. To see more images of the design see www.iup.edu/house/suites/.



The new Suites on Grant, from the construction site webcam at the corner of Grant and Pratt.

Other construction activity on campus includes the renovation of Fisher Hall; the raising of Gordon Hall; and the renovation of Wilson Hall, one of the oldest buildings on campus, constructed in 1893. These will complement the recently completed Cogswell Hall.

You are encouraged to make a visit to IUP and take a look at the new projects as they unfold and pick up a new Crimson Hawks t-shirt or hat from the Co-op Store. And while you're around please stop by the Department of Economics offices on the top floor of McElhane Hall. Those of you who only remember us in the old, but still viable Keith Hall will be impressed by the renovations to McElhane Hall, our home since 1997. *(Report sources: IUP Media Relations Department and IUP websites.)*

The Department of Economics at IUP considers its alumni a valuable resource. We encourage former students to share with current students how they apply their economic studies in their jobs and their lives. If you plan to be in the area and wish to meet with students, please contact Dr. Nicholas Karatjas (Nicholas.Karatjas@iup.edu) or call (724) 357-2640.

Also, visit our alumni webpage at <http://www.chss.iup.edu/economics/More/Alumni/index.asp>

ALUMNI INFORMATION

The Department of Economics is aims to maintain a current contact list of all of our alumni. Please let us know your current activity!

Name _____

Address _____

Phone _____ Email Address _____

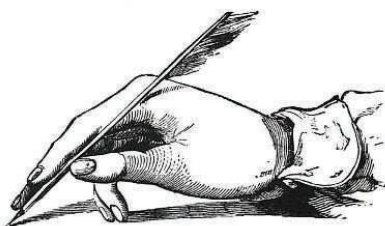
Work Phone _____

Graduation year, degree earned _____

Current Employer _____

Position and duties _____

Interesting information about yourself since IUP _____



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