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Shaping National Debate

Center “TAPS” into new innovative way to measure attitudinal and behavioral changes by creating a new survey instrument

The Weidenbaum Center on the Economy, Government, and Public Policy, now in its 37th year, continues its mission to support social science research and shape the debate on key public policy issues. It works to further educate business leaders, policymakers, journalists, and the general public through a variety of programs, publications, media coverage, and online resources.

The past year has been a particularly exciting time for social science research at the university due to the Center’s new panel survey instrument, The American Panel Survey (TAPS). This innovative survey allows social scientists to follow a national probability sample of people to observe their attitudinal and behavioral changes over time. Further, it allows for important innovations in survey instruments, including the use of multimedia. More information on the program can be found on page 16 of this report.

The Center’s support of social science faculty and research is further reflected in its work with the Departments of Economics and Political Science, as well as other departments and programs across campus. The Center also works to enrich the environment for students by creating research assistant opportunities, arranging meetings with prominent Center guest speakers, and supporting student efforts to obtain external dissertation research funding. This past year, students were extended an invitation to attend Center Director Steven Smith’s special three-part lecture series on the past, present, and future of the Senate as well as a special forum at which NBC News Chief Political Correspondent Chuck Todd spoke on the 2012 election.

The Center’s annual Media Retreat continues to be of great importance in bringing writers, reporters, editors, and producers together with academic experts for interactive seminars that examine the role that numbers, statistics, and data analysis play in the news, public policies, and politics. Its “Evidence-Based Journalism” award further encourages use of the knowledge and educational tools the participants receive at the retreat. Each year, this award is presented to a past participant or two whose work represents quality journalism on economics, business, and government and reflects the sophisticated use of research, numbers, and statistics.

The Center’s annual regulatory report examining the expenditures and staffing of federal regulatory agencies of the U.S. budget continued to be a key regulatory tracking tool. This report is consistently referenced in textbooks, government papers, and prominent newspapers. Further, its monthly e-mail and letter, “Studies in Regulation,” outlines important studies on regulatory topics produced by the Weidenbaum Center and other key organizations.

I am most grateful for the Center’s efforts to educate and inform the Washington University community and its efforts to collaborate with numerous departments, centers, schools, and student organizations across campus. I thank all of those involved in its activities and those who generously support its programs.

Mark S. Wrighton
Chancellor
Washington University in St. Louis
This past year has been exciting and productive in many ways. We embarked upon a new endeavor that greatly advanced social science research at the Center, Washington University, and across the nation — The American Panel Survey (TAPS). We created an evening lecture series to expand our public outreach programs. Further, we expanded our support for public policy research.

In pursuit of our mission to support first-rate social science research, we worked closely with faculty and students in the Departments of Economics and Political Science and collaborated with other programs and departments across the campus. Research grants supported projects on a wide variety of economic and political problems. More than two dozen faculty received support for research projects, which included work on the role of the middle class in economic growth, women’s access to elective office, the role of housing assistance in the labor market, the racial threat in voting behavior, and electoral institutions and legislative speech. Further, student enrichment continued through student assistantships, mentoring, and meetings and workshops with prominent speakers and academics.

Our public affairs programs played a key role in public education and political discourse. We pursued a wide-ranging program that addressed major public policy issues through research and reports, public debates, conferences (both public forums and scholarly workshops), public policy meetings, and other special programs. These programs focused on critical issues facing both our nation and the global economy including the challenges of the banking industry, the Russian presidential election, the U.S. budget debate, the consumer product lobbying law, and the Arab Spring. Likewise, our major donor roundtable discussions continued to bring faculty experts and the Center’s major supporters together in an open discussion of pressing current affairs topics. Our new evening lecture series focused on the role of the Senate and its future.

Collaborations on campus included efforts with the Gephardt Institute, the Danforth Center and the Center for Social Development (see Forum Programs). These collaborations also helped produce an array of scholarly reports, articles, books, and other publications, and extended the Center’s outreach and presence across the nation.

We continued to educate current and upcoming business and community leaders through our Corporate Leaders Program. This program kept members informed of major developments in the public policy arena and helped to further educate them on a number of economic and political topics.

Commentaries, op-eds, reports, and publications played an important role in our activities. Center faculty were interviewed, quoted, and wrote op-eds for media sources across the country. Our annual report on regulatory spending remains a key source of information for the media, academics, and policy makers. Center Honorary Chairman Murray Weidenbaum — because of his extensive work on the economics of defense spending — was asked to be a contributor to a forthcoming encyclopedia on public economics.

I am fortunate to have the pleasure of working with gifted faculty and students at Washington University, our generous supporters, and others in the St. Louis community. I am grateful for the support of Chancellor Wrighton, the University administration, and the Board of Trustees.

Steven S. Smith
Director
Weidenbaum Center on the Economy, Government, and Public Policy
Faculty and Administration

Unparalleled Expertise

Honorary Chairman Weidenbaum contributes to programs and events with his unique perspective, knowledge, and achievements

Murray Weidenbaum, founder of the Center, continued to serve as its Honorary Chairman in fiscal year 2012. His keen sense, unique perspective, wide-range of experience, and unparalleled expertise was drawn upon for many of the Center’s programs and activities. In addition to having participated in its public policy luncheons, breakfast meetings, and forums, he gave special lectures including: “Perspectives of the U.S. Budget Debate,” “Tax Reform Proposals of the Presidential Candidates,” and “The World of Washington Think Tanks.”

On the academic side, Professor Weidenbaum continued his teaching and student mentoring efforts. He continued his junior/senior course on business and government, a class he has taught for 38 years. He co-taught, with Professor Itai Sened, a Center for New Institutional Social Sciences (CNISS) research seminar which critiques the research and presentation skills of undergraduate and graduate students. Further, in the Spring of 2012, Professor Weidenbaum took advantage of new technologies to lecture on “Terrorism and War” (via Skype) to a class at the University of California-Davis.

He also continued his service to Washington University and the academic community. He served as the Academic Board Chairman for the Center for New Institutional Social Sciences (CNISS), as a panel judge for the John M. Olin School of Business’s “Olin Award Recognizing Research that Transforms Business,” and as a panel member on numerous campus programs.

To honor his longtime friend and colleague, the late Senator Thomas Eagleton, he took part in a special event at St. Louis University School of Law. Professor Weidenbaum joined such distinguished guests as former Vice President Walter Mondale and Missouri Secretary of State Robin Carnahan to highlight the public service contributions of Senator Eagleton.

Writing and publishing also remained a high priority for Professor Weidenbaum. He provided commentary for the media and wrote a wide array of popular articles including “Shifting Balance between Business and Government in the United States,” Culture and Civilization, Vol. 4 and “Who Will Guard the Guardians? The Social Responsibility of Non-Governmental Organizations” in Globalization and the Good Corporation.” Based on his own long-term research on the defense sector of the economy, Professor Weidenbaum began writing an extensive section on “Economics of Defense Spending” for a forthcoming encyclopedia on public economics.

“A successful budget cutting effort needs to be based on the basic principle of ‘goring every ox.’ That way, no interest group can complain that it is being picked on… [T]here is no effective substitute for carefully examining each spending program to see which can be cut back, which can be postponed, and which can be eliminated.”
Leadership and Scholarship

Director Steven Smith promotes social sciences on campus, nationwide

Political Science Professor Steven Smith, the Kate M. Gregg Distinguished Professor of Social Sciences at Washington University, continued his service as the Center’s Director. He supervised the Center’s sponsorship of faculty research, grants administration, student research enrichment programs, and public outreach programs. He also created and directed a major initiative of the Center, The American Panel Survey (TAPS), see page 16.

Professor Smith, one of the nation’s leading scholars of legislative institutions and politics, also completed a draft of his new book, The Senate Syndrome: The Evolution of Parliamentary Warfare in the U.S. Senate. The book will be published in 2013. He and two coauthors, both former Washington University Ph.D. students, also signed a contract for a book on the politics of resolving House-Senate differences on legislation. Further, he is completing a book on the development of party leadership in the U.S. Senate.

Professor Smith shared his expertise and commentary throughout the year in public speaking engagements, media interviews, news articles, and online outlets. He continued his regular commentary on MPR (Minnesota Public Radio) and his Twitter page (https://twitter.com/ProfStevenSmith). He presented a number of lectures on American politics, including a series of lectures on the procedural development of the U.S. Senate (video on the Center’s website).

He kept Weidenbaum Center members and its corporate leaders informed of political issues at its public policy breakfast meetings, major donors roundtable luncheons discussions, and other special programs. Further, he spoke before a number of Washington University alumni, friends and supporters events. In addition to his lectures and participation on the campus of Washington University, he lectured at the American Politics Conference and gave a series of lectures as the 2011 Julian J. Rothbaum Distinguished Lecturer in Representative Government at the University of Oklahoma.

Enhancing faculty research and mentoring students continued to be a major objective for Professor Smith. Two of his doctoral students are serving as Congressional Fellows of the American Political Science Association in 2012-2013. Several graduate and undergraduate students worked closely with him on research projects and attended his graduate seminars on the American presidency and survey research in the last year.
Professor Steven Fazzari worked closely with Center Director Steven Smith on the Center’s academic and public policy programs throughout the year. He played a key role in representing the Center at forum programs and public policy luncheon meetings.

Many of Professor Fazzari’s research efforts were supported by an Institute for New Economic Thinking (INET) grant. This funding enabled him to continue his research on how spending decisions by households, firms, and governments can affect growth in developed economies. He will also use the support to better communicate Keynesian macroeconomic insights to a broad and diverse audience. “The research I am pursuing has the chance to give us a new understanding of where economic growth comes from and how policy can be most effective in turning things around at times like these.” This work has led to a unique new web resource to explain Keynesian macroeconomics to a broad audience. The site, playfully called “Muddy Water Macro” to reflect its origins at the confluence of the Missouri and Mississippi rivers, has initial content that is now available to the public at http://muddywatermacro.wustl.edu.


Throughout the year, Professor Fazzari spent a generous amount of time lecturing and speaking at public events and academic conferences. In June 2012, he delivered lectures for doctoral students at the University of Bergamo in Italy and the Hyman Minsky Summer School in New York. In October 2011, he presented a research paper on economic growth and fiscal policy at an international conference on the world economic crisis held in Berlin, and he returned to Berlin to give a talk on fiscal policy in April 2012 for the Institute for New Economic Thinking annual conference. Professor Fazzari also gave a keynote address at the October 2011 Washington University Professional and Continuing Education Association conference.

Professor Fazzari, as usual, was active in a variety of special events on the Washington University campus. During the spring semester of 2012, he taught a new class with Professor Mark Rank from the Brown School of Social Work with the intriguing title “Economic Realities of the American Dream.” The development of the class was supported by a grant for interdisciplinary teaching awarded by the Washington University Provost’s office. Professors Rank and Fazzari discussed their insights from the course with the public at a discussion moderated by Brown School Dean Edward Lawlor in April 2012. Professor Fazzari also presented new research with co-author Barry Cynamon, “The Strains in the Macroeconomy and Household Financial Fragility,” at a February 2012 conference.
A Degree of Great Distinction

Distinguished Executive in Residence
Richard Mahoney brings real-world insight to students

Mr. Mahoney played an important role at the Weidenbaum Center, sharing his keen insight, wisdom, and business experience. He was a participant in the Center’s public policy breakfast meetings, major donors’ public policy luncheons, corporate leaders programs, forum programs, and media retreat.

As one of the co-founders of the Center’s annual media retreat, he played an active role in the 2012 program, conveying his expertise with print, radio, and television journalists. He served as a judge on the Center’s media award committee. The Award for Evidence-Based Journalism recognizes quality journalism on economics, business, and government and reflects the sophisticated use of research, numbers, and statistics.

His academic activities focused on sharing his business acumen with students and faculty across the campus. In the Department of Economics, he worked with honor students — attending their presentations, providing them with feedback, and meeting with them one-on-one to provide counsel and advice for their futures. He also continued to support “The Olin Award: Recognizing Research that Transforms Business” that he established in the School of Business in 2008. This award highlights faculty scholarship that has practical and performance-enhancing applications to critical management issues.

University Honors Mahoney with Doctorate

In May 2012, Mr. Mahoney received a Doctor of Science Honorary Degree from Washington University in recognition of his success as Chief Executive Officer of Monsanto as well as his long-standing commitment and efforts to the University. In the words of Washington University Chancellor Mark S. Wrighton, “Dick’s dedication to the University is immeasurable. He is an inspiration to our students and faculty, and we appreciate everything he has done.” To learn more about Mr. Mahoney and his important contributions to Monsanto, the Center, and Washington University more generally, please visit http://medialibrary.artsci.wustl.edu/node/139 to watch a special interview with him conducted by James Schiele, Chairman of the Center’s Volunteer Fundraising Committee.
Eye on Government Growth

Center releases 34th annual report on regulatory budgets and staffing

The 34th edition of the Center’s study of regulation, *Growth in Regulators’ Budget Slowed by Fiscal Stalemate: An Analysis of the U.S. Budget for Fiscal Years 2012 and 2013*, was released in July 2012. The report tracks the “regulators’ budget,” the portion of the fiscal budget devoted to developing and enforcing federal regulations. It includes time-series data on annual outlays from fiscal year 1960 to the present.

Regulatory Reform efforts eye on Government Growth

The budgets of federal regulatory agencies are expected to decrease in FY 2013 as compared to FY 2012. The President’s proposed budget for regulation sought $58.7 billion in FY 2013, a real (inflation-adjusted) decline of 2.1 percent from the FY 2012 budget of $59.1 billion. Counter-intuitively, the number of staff working to develop and enforce regulations in 2013 is predicted to increase by 2.5 percent over 2012 levels to reach 290,690 employees.

Even though the regulatory budget predicts an overall reduction in FY 2013, some agency’s budgets increased substantially. The Food and Drug Administration’s budget will expand by $1.3 billion between 2011 and 2013. Within the Department of Homeland Security, U.S. Customs and Border Protection is slated for a $1.1 billion increase. The Patent and Trademark Office’s two-year upturn is just under $1 billion and the Securities and Exchange Commission’s is $500 million.

This regulatory tracking report was again authored by the Weidenbaum Center’s Melinda Warren and Susan Dudley of the George Washington University Regulatory Studies Center. It is available on the Center’s website at [http://wc.wustl.edu](http://wc.wustl.edu).

Regulatory Update Newsletter

The role of regulation in the economy gets a lot of attention in an election year. To help keep supporters informed of the current state of regulatory review, enforcement, and implementation, the Center continued its five-year tradition of sending monthly emails outlining important reports on current topics in regulation. This email, Studies in Regulation, highlights new research issued by the Center or other research organizations. A brief summary of the topic is followed by a link to the article. Topics covered in fiscal year 2012 include climate change, cybersecurity, health-care rulings, regulatory reform, financial sector oversight, employment, and energy.
In its eleventh year, the Weidenbaum Center Forum continues to impact public policy education by informing the public about current policy issues. These programs are open to the public at no charge. They focus on current economic and political issues that are important to the nation and the world. Below are short descriptions of the forums from fiscal year 2012.

Healthcare

As healthcare continues to be an issue of top priority, Louis Sullivan, former Secretary of Health and Human Services, discussed the future of the U.S. healthcare system. He described preventive medicine and lifestyle changes as key to cutting healthcare costs, and that these changes can reduce the need for costly procedures and emergency care in the future.

Politics

Robert Putnam, Professor of Public Policy at Harvard University and critically acclaimed author, spoke on the interaction between religion and politics in the past half century. In his talk, “American Grace: How Religion is Reshaping our Religious and Political Lives,” he described the positive and negative influence that religion has had on our democracy. He discussed two important shocks in American religiosity: how the 1960s drove people away from religion and how as a reaction to this shock, a religious revival was born and developed into the religious right of the 1980s. He commented on how this shift influenced people to begin to change their religious views to fit their political views for the first time.

In April, as Mitt Romney clinched the Republican nomination, the Center sponsored a lecture by Chuck Todd of NBC News. In his talk, Mr. Todd analyzed the Republican primary and gave insight on how he predicted it would affect the general election. Todd noted that Romney presented a very strong campaign when he clinched the Republican nomination, despite having little in common with the party’s base. However, he pointed out that one of the tactics that may have helped Mr. Romney in the primary — emphasizing his hard stance on immigration — could later become a liability in the general election with Hispanic voters.

Economic Policy

Lee Ohanian, Economics Professor at University of California-Los Angeles, gave a talk called “Depressions, Crises, and Economic Policy: The 1930s and Today.” He explained that New Deal policies delayed
Weidenbaum Center Announces Special Lecture Series

In order to present a more comprehensive program on key public policy issues or subjects, the Weidenbaum Center has created a special lecture series.

For the first program in this lecture series, Professor Steven Smith gave a three-part educational lecture on the past, present and future of the Senate. The first lecture focused on the development of the Senate as an institution as well as the procedures that have shaped its history. Discussion focused on how the many modern procedures now in place developed gradually and often times, by accident.

The second lecture focused on the development of Senate procedures from the 1950s onward. The presentation looked at the increasing polarization of the Senate and the resulting increases in cloture petitions and obstruction efforts.

Senate reform was the topic of the third lecture. Discussion focused on the previous efforts to change the cloture rules -- parliamentary procedures by which debate is ended and an immediate vote is taken on the matter under discussion. According to Professor Smith, ultimate reform would limit the opportunities for the minority to filibuster while still guaranteeing them the ability to offer amendments.

Widely attended by both the St. Louis and Washington University communities, many programs are also accessible as streaming video through the Center’s website. Please visit http://wc.wustl.edu/node/410 for more information on our Forum programs.

Jared Bernstein, Center on Budget and Policy Priorities, gave a talk called “Rebuilding An Opportunity Society: The Roles of Policy and Power.” He explained that through the YOYO economic model (YOYO = you are on your own), wealth is supposed to trickle down to the middle and lower classes, but often this is not the case. The rich continue to thrive, while the inequality wedge increases the opportunity gaps between the poor and rich, even during periods of economic growth.

Bernstein suggested that we strive for wage-led demand growth, which focuses on strengthening the middle class and is likely to produce longer lasting economic growth.

In the second annual Hyman P. Minsky Lecture, Narayana Kocherlakota, President of the Federal Reserve Bank of Minneapolis, discussed the limits of monetary policy. He explained how the Fed has kept inflation under control because the bank has the capacity to offset the impact of a product demand shock. The Fed’s limitations, however, prevent it from achieving full employment levels. He discussed how the Fed cannot offset the impact of a labor demand shock, thus it cannot raise employment levels on its own.
The Center holds an Annual Dinner each year to thank supporters and the University community for their support. To celebrate the occasion, a prominent figure in public affairs is invited to speak on a major national or international issue.

In 2012, the Center was most honored to have economist Alice M. Rivlin, former U.S. Cabinet official, Vice Chairman of the Federal Reserve Board, Director of the White House Office of Management and Budget, and former Director of the Congressional Budget Office, as its special speaker.

Dr. Rivlin’s talk, “Economic Challenges Facing the Nation,” focused on the rising U.S. debt and its problematic future in upcoming decades as the American population ages. Rivlin recommended that we slow the growth of the entitlement programs and collect more revenue from taxes to prevent the debt from continuing to rise.
Membership Has Its Privileges

Programs feature experts, views on a variety of important public policy issues

The Center holds public policy programs for its Eliot Society members and its corporate leaders, with select ones open to its Club members. These programs bring in experts to present their views on a variety of important public policy issues. Transcripts are available for most programs.

Challenges Facing the Banking Industry

Mark Vaughan, National Credit Union Administration, spoke about the challenges facing the banking industry. As he explained, nominal interest rates are currently low, so federally insured credit unions (FICUs) are profiting. However certain indications suggest that this may not last. He discussed three particular indications:

- The level and volatility of nominal interest rates have increased sharply in the past year.
- Credit-union exposure to interest-rate levels/volatility rose in both absolute and relative terms.
- The FICU’s written policy for its interest-rate risk management program does not represent a significant break from the NCUA’s existing program.

Lobbying Law

Ron Levin, Washington University’s School of Law, spoke on his work with the LDA (Lobbying Disclosure Act of 1995) Task Force on lobbying law. He described the challenges and considerations of the task force such as how to reduce the problems of the lobbyist industry without hindering its ability to serve its proper role in government, broadening disclosure requirements, and separating fundraising from lobbying. His conclusion was that little was going to change with lobbying law as it is low on Congress’s agenda.

Arab Spring

Three renowned scholars in Middle Eastern studies at Washington University came together to share their insight and knowledge on the Arab Spring.

Hayrettin Yücesoy, Professor of Arabic and Islamic Studies, discussed the Arab Spring from the perspective of civil society and the history of political movements in the Middle East. He spoke on why the revolutions seemed to be led by the civil society including labor, student, and women’s movements, not by “fundamentalists.” He also briefly discussed the possible avenues in which these revolutions might be heading.

Nancy Reynolds, Professor of History, discussed Egypt’s recent election and why it indicated that the developments of the Arab Spring had finally affected Egypt’s formal institutions. She pointed out that, until this point, civic culture and politics (participation, discourse) remained outside of these institutions. She further pointed out that colonial leaders had encouraged the adoption of a Western-inspired legal system over an Islamic one. As a result, people see Islamic law as a symbol of colonial resistance.

Fatemeh Keshavarz, Professor of Persian Language and Literature, gave insight on Iran and its people. She spoke on the “gaps” in what information sources tell about the world. She also spoke with
candor and cautioned about military campaigns against countries and how they negatively affect the attitudes of cultures, bind together societies that would not normally unite, and plant fear and radical and destructive ideas in these societies.

**Russian Presidential Election**

As the Russian presidential election approached, Thomas Remington, scholar of democratic institutions in post-communist Russia at Emory University, spoke on Russia’s current political climate and the implications of the election. He discussed the stakes of the election, the role of the internet in aiding political activism and the future outlook for democracy in Russia.

**Gaming Industry Regulation**

Patricia Vance, the president of the Entertainment Software Rating Board (ESRB) spoke on why this industry has successfully become a self-regulated. She pointed out that making game ratings, descriptions, and other game related information easily accessible to parents and other concerned individuals has been a priority. She stressed that the ESRB actively encourages consumers to access this information and become informed before they purchase a game.

**Business Leader’s Defining Decisions**

Harlan Steinbaum, founding chairman of the Fortune 500 company Express Scripts and retired CEO of Medicare-Glaser, discussed his book *Tough Calls from the Corner Office*. The book focuses on the defining moments in the careers of 39 prominent business leaders. It offers inspiring stories, lessons, principles, strategies, ideas, and solutions drawn from every stage in a successful career.

**Economics and the Media**

Kevin Hall of McClatchy Newspapers gave insight on covering the array of economic events that have dominated the news in the last few years. He discussed the importance of covering these issues correctly. One must remain skeptical of comments, testimonies, data, and statistics. He also pointed out the lengths reporters must go to verify whether claims, statistics, or data match up with reality. Talking to those who are often much more reachable and familiar with the data can be key.

He was the 2011 recipient of the Weidenbaum Center Award for Evidence-Based Journalism.

**Consumer Financial Protection Bureau**

Paul Rothstein, Senior Economist with the Consumer Financial Protection Bureau gave a talk titled “Economic Research and Analysis at the Consumer Financial Protection Bureau.” The talk focused on his research on the newly mandated congressional regulations for the Consumer Financial Protection Bureau, namely mortgage loan regulations and regulations of consumer protection in international fund transfers.
In its fourth year, the Weidenbaum Center’s Corporate Leaders Program continued to inform corporate executives of major public policy developments. Topics addressed include the national political situation, national economic conditions and forecasts, and St. Louis regional developments. Members maintain close relationships with the Center’s scholars and regularly receive top-level research and analysis on specific policy interests and priorities. In addition, corporations provide important input to the Center on a variety of issues. Below are short descriptions of the Corporate Leaders seminars for fiscal year 2012:

In the fall of 2011, election season was approaching and many wondered how the 2010 Citizens United Case, allowing for unlimited corporate campaign spending, would affect the election. Jack Oliver, founder of Bryan Cave Strategies and National Finance Vice-Chairman for Bush-Cheney 2004, provided his expertise on the rules and restrictions that apply to presidential candidates who accept public funding and the impact of public funding and technology on recent presidential elections.

With the economy still struggling to recover, Joel Prakken, senior managing director and co-founder of Macroeconomic Advisers, gave a talk on the economic recession, “The Autumn of Our Fiscal Discontent.” He discussed some of causes of the fiscal crises and the implications for the U.S. economy. He argued that although the U.S. is not in danger of facing upward interest rates because investors expect the financial problems to get fixed, there are two possible scenarios that could make investors lose this confidence. The first is that government borrowing could gradually crowd out private markets. The second is that investors could lose confidence in the government’s ability to institute an economic fix. Dr. Prakken also discussed various monetary and fiscal policies that could alleviate the current crises.

In February, Anjun Thakor, of the Olin School of Business at Washington University, discussed executive pay contracts in his talk titled “Designing Executive Compensation.” He provided a framework that may help boards of directors set executive compensation in a more scientific manner. His work also helps businesses align the duration of an executive’s compensation with the company’s needs.

The Corporate Leader Program concluded in April with a talk from Alice Rivlin, Senior Fellow in the Economic Studies Program at the Brookings Institution. Rivlin, considered to be one of the foremost analysts of the U.S. economy, and former Vice Chairman of the Federal Reserve. She provided her thoughts on the current and future state of the economy as an outstanding expert on both fiscal and monetary policy.

Information on past or upcoming programs, program content, volunteer opportunities, co-sponsorship, or other funding opportunities for these programs should be directed to: Gloria Lucy, Assistant Director (glolucy@wustl.edu, 314-935-5689) or Melinda Warren, Director, Weidenbaum Center Forum (warren@wustl.edu, 314-935-5652).
In June, the Center hosted its eleventh Media Retreat. The program brought together academic experts with media participants for an interactive seminar examining the role of numbers, statistics, and data analysis in the news, public policy, and politics. This seminar explored issues including statistical data sources, statistical misuses across the political spectrum, and statistical reliability.


Speakers and discussion leaders were Steven Smith, Steven Fazzari, Richard Mahoney, William Peck (Center for Health Policy-Washington University), Mark Rank (Brown School of Social Work-Washington University), Tara Sinclair (The George Washington University), Don Coursey (University of Chicago), Joel Best (University of Delaware), and Mark Vaughan (National Credit Union Administration).

On June 24, 2012, Lori Montgomery and Valarie Basheda received the 2012 annual Weidenbaum Center Award for Evidence-Based Journalism. Ms. Montgomery was selected for Reporting and Ms. Basheda was selected for special Academic Programs.

The Award recognizes a past participant or participants whose work represents quality journalism on economics, business, and government and reflects the sophisticated use of research, numbers, and statistics.

Dick Mahoney, Valarie Basheda, Steve Smith, and Lori Montgomery at 2012 Media Retreat. Basheda and Montgomery are the 2012 recipients of the Weidenbaum Center Award for Evidence-Based Journalism.

On June 24, 2012, Lori Montgomery and Valarie Basheda received the 2012 annual Weidenbaum Center Award for Evidence-Based Journalism. Ms. Montgomery was selected for Reporting and Ms. Basheda was selected for special Academic Programs.

What the Participants Said

"Each session opened my eyes to something… I’m eager to share what I’ve learned with people in my newsroom."

"Stimulating sessions and colleagues. Three days well spent!"

"This is a very valuable experience. We can all do with this every few years as a refresher."

"The panels and the personal access to presenters, the small size of this group also allows for great discussion/access."

"This was a really refreshing opportunity to explore some fundamental issues in economics that are right at the heart of the news right now. I most appreciated the chance to learn about some fairly cutting-edge research from real experts… a lot of intellectual firepower in a wonderfully relaxing setting."

"The conversations with the other journalists and speakers was invaluable. Trading tips, learning about other parts of the news industry, hearing about different types of reporting, challenges in reporting with numbers, etc."
Center Sponsored Research Programs

Expanding Knowledge

Comprehensive public policy research strengthens Weidenbaum Center programs

The Center continues to build more comprehensive research programs in public policy areas that complement Washington University’s faculty expertise. Five programs are currently in place: American Politics, Experimental Social Sciences, Multinational Enterprises and the Global Political Economy, and The American Panel Survey.

American Politics

The program in American Politics sponsors major studies of important aspects of American politics. The program is directed by Steven S. Smith, the Center’s director.

The initial volume produced by this program focused on the Presidential nomination process (Reforming the Presidential Nomination Process, Brookings Institution Press, 2009).


In addition, Steven Smith appeared and commented on problems in the U.S. Senate in a fall 2012 episode of 60 minutes.

Experimental Social Science

The program on Behavioral Economics uses social, cognitive, and emotional factors to help understand the economic decisions of individuals and institutions performing economic functions. This interdisciplinary approach looks at consumers, borrowers, and investors, and their effects on market prices, returns, and resource allocation. Faculty from Washington University and around the globe are involved on an interdisciplinary basis and are concerned with the effects of market decisions as well as public choice.

The program is led by Washington University’s Professors of Economics Steven Fazzari and David Levine, and Center Director Steven S. Smith, Professor of Political Science.

Macroeconomic Policy

The Macroeconomic Policy program sponsors research that deals with the performance, structure, and behavior of the national or regional economy as a whole. The programs look at the relationship between factors like national income, output, consumption, unemployment, inflation, savings, investment, international trade, and international finance. Center Associate Director Steven Fazzari directs the program. The Macroeconomic Policy program sponsors the annual Hyman P. Minsky lecture, most recently given by Narayana Kocherlakota, President of the Federal Reserve Bank of Minneapolis.

The latest publication in this program area is After the Great Recession: The Struggle for Economic Recovery and Growth, edited by Barry Z. Cynamon, Steven M. Fazzari, and Mark Setterfield (Cambridge University Press, 2012). This book is a compilation of essays on the Great Recession from prominent macroeconomists who developed a perspective that predicted the shape of the 2008 crises as well as the subsequent stagnation. It examines how the process of demand formation failed after 2007 and where demand might come from going forward. Chapters address topics such as the distribution and growth of wages, the structure of finance, and economic challenges resulting from globalization. The book also explains how monetary and fiscal policies can be used to achieve a more efficient and equitable society.
Multinational Enterprises and the Global Political Economy

The Multinational Enterprises and the Global Political Economy program analyzes the relationship between multinational corporations, governments, and domestic economies. It facilitates communication between U.S. businesses and academics in order to advance political science, economic, and business research on multinationals. It disseminates research findings to the public through outreach programs — such as the Weidenbaum Center Forum series. The program is co-directed by Associate Professor of Political Science Nathan Jensen and Center Director Steven Smith.

The most recent venture supported by this program is the volume, Politics and Foreign Direct Investment by Nathan M. Jensen, et. al. (University of Michigan Press, 2012). In this book, seven scholars investigate the factors that determine the attractiveness of a locale to investors and the extent of their political power.

The American Panel Survey (TAPS) began in 2011. The project has given and will continue to give researchers at Washington University and across the country one of the best survey platforms in the social sciences.

TAPS has strongly positive externalities for the college and university. TAPS has generated media attention for its survey findings, revealed implications of findings for public policy debates and the involvement of faculty in those debates, and enabled collaborative work across departments. The program is directed by Steven Smith and the surveys are conducted for the Center by Knowledge Networks — a leading online survey research firm.

TAPS surveys are conducted monthly. These surveys and their reports contribute to understanding of public opinion, economic and political behavior, and American policy-making processes. A generous grant from the Russell Sage Foundation has helped to support some of this work.

The unique and innovative research design of this survey program enables the results of the monthly surveys to become a go-to source for statistical information — much like the Gallup Poll, the Harris Poll, and the Rasmussen Reports. Researchers at Washington University and elsewhere may apply to the Center to place projects on TAPS. Guidelines, deadlines for application, and pricing information are available on the TAPS website (http://taps.wustl.edu).

For current activities in these areas, visit the Center’s website: wc.wustl.edu/academicsupport/faculty-research.

Anyone wishing to help sponsor programs in these research areas should contact Melinda Warren (warren@wustl.edu, 314-935-5652).

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### TAPS Grants to Washington University Faculty FY2012

<table>
<thead>
<tr>
<th>RESEARCHER</th>
<th>WU DEPARTMENT</th>
<th>DATE OF AWARD</th>
<th>AMOUNT OF GRANT</th>
</tr>
</thead>
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<tr>
<td>Gibson, James</td>
<td>Political Science</td>
<td>4/30/2012</td>
<td>$74,001</td>
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<tr>
<td>Springer, Melanie Jean</td>
<td>Political Science</td>
<td>4/30/2012</td>
<td>74,001</td>
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<td>51,800</td>
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<td>Jensen, Nathan</td>
<td>Political Science</td>
<td>3/9/2012</td>
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</table>
Research, Publications and Applications

Center Grants

The Weidenbaum Center continued its support faculty research, primarily in the Departments of Economics and Political Science. To help initiate faculty projects and encourage research and development, the Center evaluated faculty requests for research funds. Small research grants were awarded to the following faculty.

Department of Economics

Michele Boldrin and Raul Santaeulalia-Llopis
— Economic Growth in China

Juan Pantano — Housing Assistance and the Labor Market

Sebastian Galiani — Laboratory Experiments in Political Economy

Department of Political Science

Brian Crisp — Electoral Institutions and Legislative Speech

Jacob Montgomery — Network Analysis of Congressional Staff

Jacob Montgomery — Adaptive Testing for Political Science

Mona Krook — Women’s Access to Elective Office

Norman Schofield — Election Models and Networks

Itai Sened — Middle Class and Economic Growth

Melanie Springer — Enfranchise and the Racial Threat in Voting Behavior

Weidenbaum Center Publications and other publications whose research support was provided by the Weidenbaum Center


Fazzari, Steven


Management of Other Washington University Centers

Over the year, the Weidenbaum Center staff continued to assist the University by managing the budget and financial operation, grant preparations and administration, and the human resources of the Center in Political Economy (CPE) and the Center for New Institutional Social Sciences (CNISS).

On June 31, 2012, the Center in Political Economy (CPE) closed. The Center for New Institutional Social Sciences (CNISS) continues with a new mission. In the years ahead, the Weidenbaum Center will continue to assist the new CNISS with human resources, payroll, and budgets.

**Gabel, Matt**


**Gibson, James**


**Jensen, Nate**


**Kim, Sukkoo**


**Krook, Mona**


**Martin, Andrew**


**Montgomery, Jacob**


**Morley, James**


**Schofield, Norman**


Sened, Itai

Shin, Yongseok

Smith, Steven

“Majority Party Bias in U.S. Congressional Conference Committees,” Congress & the Presidency 38:3 271-300.


Tavits, Margit

Warren, Melinda

Weidenbaum, Murray

Granting Ability, Talent, Scholarship

In fiscal year 2012, the Weidenbaum Center worked with faculty in a number of Arts and Sciences departments, preparing grant applications and submissions.

Those listed below are National Science Foundation submissions unless noted otherwise.

**Department of Anthropology**


**Shanti Parikh**, NIH Subcontract

**Department of Economics**

**Yongseok Shin**, Labor Supply and Human Capital (with Rodolfo Manuelli)

**Department of Political Science**

**Dawn Brancati**, Why U.S. Efforts to Promote Democracy Abroad Have Failed (Smith Richardson Foundation)

**Brian Crisp**, The Chain of Responsiveness in Presidential Democracies: The Frequency, Extent, Direction, and Sources of Electoral Reform

**Brian Crisp**, The Impacts of Bicameralism and Presidential Powers on Legislative Structure


**Jeff Gill**, Collaborative Research: Smooth National Measurement of Public Opinion Across Boundaries and Levels: A View From the Bayesian Spatial Approach

**Nathan Jensen**, Breaking the Rule of Law: Executive and Non-Executive Driven Expropriations of Foreign Direct Investors

**Ryan Moore**, Asset Shocks: Home Equity, Social Insurance, and the Accountability Gap — Collaborative Grant with University of Wisconsin and University of Minnesota, Twin Cities (Sandell Grant through the Center for Retirement Research at Boston College)

**Jacob Montgomery**, Collaborative Research on Ensemble Methods for the Prediction of Political Outcomes

**Norman Schofield**, Networks in Political Economy

**Department of Political Science — Doctoral Dissertation Research**

**Benjamin Bricker**, Doctoral Dissertation Research in Political Science: The Development of Judicial Decision-making in New Democracies
Jeremy Caddel, Doctoral Dissertation Research in Political Science: Domestic Institutions and Decision Making in U.S. Foreign Aid Policy

Chris Claassen, Doctoral Dissertation Research in Political Science: The Emotional Logic of Participation in Ethnic Riots


Noel Pereyra-Johnson, Doctoral Dissertation Research in Political Science: Politics of Compensation for Confiscation: Causes and Consequences of Compensation for Expropriation of Foreign Investment

Weidenbaum Center

Steven Smith, Empirical Implications of Theoretical Models Summer Institute

Steven Smith, Panel Conditioning in a Long-Term, Online Panel
The Weidenbaum Center supported a variety of workshops and seminars in the fall and spring semesters. Prominent speakers from across the globe were brought in to discuss their research, encourage collaboration among faculty and students, and explore further research objectives. Below is a list of the topics that were discussed over the year (for more information on these seminars see http://economics.wustl.edu/events/archive).

**Money & Macroeconomics Workshops**
(co-sponsored by the Federal Reserve Bank of St. Louis)

- **Efficient Risk Sharing with Limited Commitment and Hidden Saving**
  - Arpad Abraham, EUI

- **Modeling Macroeconomic Risk**
  - Dave Backus, New York University Stern

- **Really Uncertain Business Cycles**
  - Nick Bloom, Stanford University

- **Asymmetric Phase Shifts in the U.S. Industrial Production Cycles**
  - Yonsung Chang, University of Rochester

- **On the Measure of Distortions**
  - Hugo Hopenhayn, University of California-Los Angeles

- **The Trend is the Cycle: Job Polarization and Jobless Recoveries**
  - Nir Jaimovich, Duke University

- **The Role of Inventories and Speculative Trading in the Global Market for Crude Oil**
  - Lutz Kilian, University of Michigan

- **Cartel Policies and the World Depression of the 1930s**
  - Lee Ohanian, University of California-Los Angeles

- **Financial Globalization and the Raising of Public Debt**
  - Vincenzo Quadrini, University of Southern California

- **An Economic Analysis of Medical Expenditures**
  - Manuel Santos, University of Miami

- **A New Class of Nonlinear Times Series Models for the Evaluation of DSGE Models**
  - Frank Schorfheide, University of Pennsylvania

- **Does Competition Spur Productivity? Evidence From the Post WWII U.S. Cement Industry**
  - Jim Schmitz, Federal Reserve Bank of Minneapolis

- **Exogenous Information, Endogenous Information and Optimal Monetary Policy**
  - Mirko Wiederholt, Northwestern University
Empirical Microeconomics
(formerly Development and Public Policy)

Season of Birth and Later Outcomes: Old Questions, New Answers
  Kasey Buckles, University of Notre Dame

Price Subsidies, Diagnostic Tests, and the Targeting of Malaria Treatment
  Pascaline Dupas, University of California-Los Angeles

The Effect of Disability Insurance Receipt on Labor Supply
  Eric French, Federal Reserve Bank of Chicago

Evolution of Gender Differences in Post-Secondary Human Capital Investments: College Majors
  Ahu Gemici, New York University

Disentangling the Contemporaneous and Life-Cycle Effects of Body Mass on Earnings
  Donna Gilleskie, University of North Carolina-Chapel Hill

Seam Bias, Multiple-State, Multiple-Spell Duration Models and the Employment Dynamics of Disadvantaged Women
  John Ham, University of Maryland

The Price of Experience
  Iourii Manovskii, University of Pennsylvania

Matching, Sorting and Wages
  Costas Meghir, Yale University

Wealth and Political Power: Evidence from the Foundation of Buenos Aires
  Martin Rossi, Universidad de San Andres,

Payroll Tax Compliance when Enforcement is Weak: Evidence from Mexico
  Eric Verhoogen, Columbia University

Changes in Returns to Task-Specific Skills and Gender Wage Gap
  Shintaro Yamaguchi, McMaster University

Economic History/Economic Theory

Gradual Bidding in eBay-like Auctions
  Atilla Ambrus, Harvard University

Career Concerns with Coarse Information
  Allesandro Bonatti, Massachusetts Institute of Technology

The Good Faith Purchaser: Culture, Markets and the Legal System
  Giuseppe Dari-Mattiacci, University of Amsterdam
Revealed Preference Tests of the Cournot Model  
Rahul Deb, University of Toronto

Uncertainty, Efficiency and Incentive Compatibility  
Luciano De Castro, Northwestern University

Dynamic Objective and Subjective Rationality  
Jose Heleno Faro, INSPER

Iterated Dominance Revisited  
Amanda Fridenberg, Arizona State University

Complexity Leads to Simple Contracts: A Model of Simultaneous Adverse Selection and Moral Hazard  
Daniel Gottlieb, Wharton School, University of Pennsylvania

Anti-Malthus: Evolution, Population, and the Maximization of the Free Resources  
Salvatore Modico, Palermo University

Passion Over Reason: Mixed Motives and the Optimal Size of Voting Bodies  
John Morgan, University of California-Berkeley

Dynamic Thin Markets  
Marzena Rostek, University of Wisconsin-Madison

Kidney Exchange: Where We Are, How We Got Here, and Where We Need to Go  
Al Roth, Harvard University

Extension Rules or What Would the Sage Do?  
Roee Teper, University of Pittsburgh

Incentive Efficient Price System in Economies with Adverse Selection  
Paolo Siconolfi, Columbia University

Contractual Chains: Decentralized Contracting with Externalities  
Joel Watson, University of California-San Diego

Sticky Incentives and Dynamic Agency  
John Zhu, Wharton School, University of Pennsylvania
The Center enriched undergraduate and graduate experiences (primarily in the Departments of Economics and Political Science) at the University throughout the year. Forty-nine students received some type of assistance from the Center.

Key research assistant positions were created through the Center’s Faculty Small Grants program, the Murray Weidenbaum Scholars Program, and unrestricted funds. Participants are chosen by academic standing, interests, or career goals. These positions created a unique and rewarding experience in conducting research in the most efficient and productive manner – isolating objects, creating a research plan, methods of collecting data, properly analyzing data, evaluating results, and publishing. These assistants worked with faculty (primarily in the Departments of Economics and Political Science) on projects topics such as: micro-and macroeconomics, environmental economics, industrial organization and medical economics, international relations, and American politics and policymaking.

The Center funded essential support for honor thesis expenses (such as purchase of data sets, research travel, copying expenses at government institutions such as the Library of Congress) and funding to attend scholarly conferences.

Special opportunities were also arranged for students to and interact with government officials and business leaders. Graduate students in the Departments of Economics and Political Science were invited to the Center’s monthly Public Policy Breakfast Meetings, Forum programs, and when space permitted, they were invited to partake in the Center’s Major Donor’s Public Policy Luncheon Series — lively roundtable discussion of current events.

The Center additionally supported the Department of Economics seminar series, primarily designed for graduate students.

**John M. Olin Prize for Excellence in Economics**

Max Bennett is the recipient of the Center’s John M. Olin Prize for Excellence in fiscal year 2012. Bennett is a Summa Cum Laude undergraduate economics and finance major. He was awarded the prize for his work on spatial price equilibrium and the marginal costs of transportation. He was asked to present his research at the 2012 Economics Honors Conference at Washington University.

**Students supported by funding through the Weidenbaum Center**

Yi-Yi Chen  Adam Caplan  Chris Pope  Nay’chelle Harris  Michelle Shapiro  Stephanie Budrus  Joshua Potter

Tessa Baizer  Miriam Ben Abdallah  Alex Bluestone  Benjamin Bricker  Stephanie Budrus  Adam Caplan  Yi-Yi Chen  Christopher Claassen  Arlan Cohen  Rebecca Craig

Daniel Deibler  Laura Dietrich  Paul Fetter  Constanza Figueroa  Schibb  Emily Gardner  Nay’chelle Harris  Ashley Heam  Stephanie Heger  Eve Ilves  John Kim  Adrian Lucardi  Moritz Marbach  Courtney Millian  Shintaro Miura  George Morvis  Cara Nickolaus  Santiago Olivella Sierra  Mark Plattner  Christopher Pope  Joshua Potter  Arielle Rothstein  Raul Sanchez  Michelle Shapiro  Joshua Temin  Jordan Wagner  Rachel Zemke  Ian Fisher  Ulas Gulkiripik  Benjamin Kallen  David Klayton  Stephanie Levine  Samantha Mercadante  Cara Nickolaus  Santiago Olivella Sierra  Amanda Sabele  Alicia Salvin  Hannah Shaffer  Meredith Stoner
The Weidenbaum Center, while an integral part of Washington University, is responsible for its own financial support and relies heavily upon generous donations from individuals, corporations, and foundations. As a nonprofit, non-partisan organization, the Center falls under the University’s 501(c) (3) tax-exempt status.

The Center is grateful to the volunteers who have worked so hard over the years to help it reach its annual financial needs. Special recognition goes to James E. Schiele who chairs both the Center’s Eliot Society Volunteer Committee (individual giving) and the Center’s Corporate Volunteer Committee.

Expansion of current programs and the creation of new programs require additional funding on a continual basis. Every dollar helps. Anyone wishing to support the Center’s efforts should contact Gloria Lucy at 314-935-5689 (glolucy@wustl.edu) or Melinda Warren at 314-935-5652 (warren@wustl.edu).

Researchers and Staff

Steven S. Smith, Director
Murray Weidenbaum, Honorary Chairman
Steven M. Fazzari, Associate Director
Richard J. Mahoney, Distinguished Executive in Residence
Melinda Warren, Director, Weidenbaum Center Forum
Gloria Lucy, Assistant Director and Business Manager
Christine Moseley, Administrative Coordinator
Alana Bame, Administrative Coordinator