



NEWSLETTER

Murray Weidenbaum Center on the Economy, Government, and Public Policy

Fall '06
Issue 4

Events

For information, contact the Center at (314) 935-5630, or visit us on the web <http://wc.wustl.edu>. Dates subject to change.

September	
22	Forum — “Map Quest: Jobs and Community Life During the I-64 Reconstruction”
October	
18	Public Policy Breakfast — “What I Learned From Three Years in Hungary,” George H. Walker III, former U.S. Ambassador to Hungary
23	Eliot Society Public Policy Luncheon
November	
13	Eliot Society Public Policy Luncheon
14	Public Policy Breakfast — “2006 Elections,” Steven S. Smith, Weidenbaum Center
December	
4	Eliot Society Public Policy Luncheon
12	Public Policy Breakfast — “The Future of the Electric Utility Industry,” Gary Rainwater, AmerenUE
January	
30	Public Policy Breakfast — “The Future of Federal Science Policy,” Mark Wrighton, Washington University

Recognition

Center Honorary Chairman Receives Highest Eliot Society Honor



Robert Virgil and Murray Weidenbaum

In April, Murray Weidenbaum, the Center’s honorary chairman, received the University’s highest Eliot Society honor — the “Search Award.” The award is a silver replica of “The Search,” a sculpture designed by emeritus professor of art Heikki Seppa. It represents the unending pursuit of truth and knowledge.

The award was presented to him at the 39th annual William Greenleaf Eliot Society Dinner, held at the Ritz-Carlton Hotel in St. Louis. Upon presenting the award, Eliot Society president Robert Virgil

said “It is with great personal pleasure and deep respect that I present this award to Murray Weidenbaum, who personifies with extraordinary distinction Washington University’s mission of teaching, research, and service to society.”

The Eliot Society, founded in 1959, has more than 4,500 members who are alumni, parents, and friends providing unrestricted support for the University. Weidenbaum joins a group of outstanding citizens who have made a significant impact on the University, the region, the country, or the world.

Weidenbaum Portrait Dedication



At a special University ceremony, Chancellor Mark Wrighton and Dean Edward S. Macias, Ph.D. unveiled a portrait of Murray Weidenbaum — honoring his more than 40 years of outstanding service to the University and the community. Steven Smith, the Center’s Director,

spoke on Dr. Weidenbaum’s founding of the Center and his continued service to the Center and the University. The portrait, painted by local artist Gilbert “Chic” Early, is displayed in a prominent location at the Weidenbaum Center in Eliot Hall.

Weidenbaum DVD Released

In mid 2006, the Weidenbaum Center released a DVD, **Murray Weidenbaum: A Life of Scholarship and Public Service**, to highlight the scholarship and public service of its founder and honorary chairman. Dr. Weidenbaum, a highly influential economist and policy advisor, has served or advised five U.S. presidents, while continuing to teach, write, and conduct research.

Dr. Weidenbaum’s keen interest in the impact of government on business is what led him and Chancellor William H. Danforth to found the Center for the Study of

American Business at Washington University. In 2001, the Center was renamed the Murray Weidenbaum Center on the Economy, Government, and Public Policy in his honor.

In the DVD’s introduction, Center Director Steven Smith says: “Murray Weidenbaum has been a major influence on American economic policy for decades. Two senior executive branch positions, countless public commissions, and a long teaching career at Washington University have established him as a popular teacher and an



You can obtain copies of the DVD (\$6.00 each) by contacting Christine Moseley at 314-935-5662 (moseley@wustl.edu).

elder statesman. But it is more than his expertise in economics that has made Murray a force in public policy, it’s the person. . . . The naming of the Center that he founded and directed for most of its 30 year history is a fitting tribute to what Murray has contributed to both Washington University and the American people. . . . Murray’s career and scholarship and public service continues to serve as a model for us all.”

WC Director to Publish a Number of Books

Party Influence

Steven S. Smith's upcoming book, *Party Influence in Congress* (Cambridge University Press), addresses the difficult problem of assessing the impact political parties have on policy outcomes in the U.S. Congress. Analysts have argued that the actions of parties have little impact on policy, once other political forces such as constituency preferences and ideological motivations of members are taken into account. Smith finds that parties have had a strong impact on policy in both the House and Senate since the end of Reconstruction. He finds that the majority party shows more cohesiveness than the underlying ideology of its members would suggest, implying party influence. The minority party's members are less influenced by their party and vote based on their personal ideology. Elements of Professor Smith's study were published last winter in the *Legislative Studies Quarterly*.

Party Leadership

Smith is near completion of another book on the development of party leadership in the U.S. Senate. Senate party leadership emerged relatively late in the Senate's history and has not received systematic treatment by scholars. Publication is scheduled for early 2008.

Presidential/Parliamentary Relations in Russia

Smith is collaborating on a book on the development of presidential/parliamentary relations in Russia. The project traces democratic practices in Russia and demonstrates the influence of various political forces on the use of presidential decree-making power and regular legislative policy-making processes.

American Congress

With former Center graduate fellows Jason Roberts and Ryan Vander Wielen, Professor is preparing the fifth edition of his textbook, *The American Congress* (Cambridge University Press). Roberts is a political science professor at the University of Minnesota and Vander Wielen is a political science professor at Temple University.

Researching Transferable Credits

The Center's Associate Director, Paul Rothstein and his research assistant, Nathan Wineinger, have begun a special research project examining the market for transferable business tax credits — popular tools for local economic development in many states. Missouri has fifty-three tax credit programs that are an integral part of the states economic and social policy. This research examines the six largest.

Most tax credits are aimed at stimulating some activity considered desirable by the state — from historic preservation and redevelopment to affordable housing and adoption. Transferability is used when the entity that is awarded the credit either has less tax liability than the credit is worth or when the



Paul Rothstein (left) with Nathan Wineinger

entity needs capital upfront and the credit is sold to another entity or individual. The research looks into: (1) the market efficiency as seen in the gap between the value of the tax credit and its sales price, (2) the costs and benefits analysis of the programs to determine whether or not transferability is good policy for the state, and (3) whether or not a responsible entity should engage in the transferable tax credit market. A report on the findings is forthcoming.

Increasing Women's Participation In Elected Office

In February, the Center hosted the forum "Increasing Women's Participation in Elected Office." The program brought together academics and politicians from across the nation to examine the causes and potential solutions of the stagnation in the growth of women participating in elected office.

Debbie Walsh, Director of the Center for American Women and Politics at Rutgers University, discussed the slow, steady growth in women's participation throughout the

late 20th century. She noted that those numbers have moved little since 2000. Fewer women are being elected because fewer women are running for office. She stressed that programs designed to support women in politics and an effort on the part of political parties would increase women's participation in American politics.

Harriett Woods, former Lieutenant Governor of Missouri and Past President of the National Women's Political Caucus, commented on the

recent history of women in politics. Echoing Walsh, Woods noted that participation at the state and national levels must begin with participation at the local level.

Missouri State Treasurer and former Missouri State Senator Sarah Steelman spoke on the challenges facing female candidates for political office, and the obstacles that must often be surmounted.

The conference ended on a bipartisan tone; "Republicans and Democrats, we need more women."

Promoting U.S.-China Business Relations

The state visit of President Bush to China in 2005 once again raised the issue of intellectual property rights. To shed light on this important issue, the Center co-hosted a three-day conference focusing on U.S.-China business relations. Academic exchanges — such as this conference — enable both countries to have a better understanding of the environment for intellectual property protection in China.

The conference began with talks by the former head of China's state intellectual property rights office, the



Gao Lulin, former head of China's Intellectual Property Rights Office

chairman of the U.S.-China Economic and Security Review Commission, a representative of the Chinese Ministry of Commerce, and several promi-

nent American-China scholars. Nobel prize winner Douglass North gave the final keynote. The conference then turned to a more technical nature addressing issues such as the rule of law in China, centralization and decentralization in China, the World Trade Organization and intellectual property rights, and China's progress in developing modern business practices.



The Euro and the Dollar in a Globalized Economy



Pervenche Berès, (at podium) of the European Parliament; seated at table (left to right) Edwin Truman, John Taylor, and Lucas Papademos

In May, the Center co-hosted a conference focusing on a set of themes related to how globalization affects the United States and the European Union and the role of the euro and the dollar in the international financial system. Speakers offered U.S. and European perspectives on each topic.



The first session explored the challenges of globalization for industrial economies and how the emergence of China and India as global players has affected these challenges.

The second session considered global imbalances in international financial flows.

John Taylor of Stanford University gave the luncheon

keynote presentation. His policy principles for successful exchange rate diplomacy included creating a positive economic environment, avoiding currency market interventions, avoiding verbal intervention, and facing up to broader ramifications of exchange rates. Taylor concluded by saying that, in principle, the multilateral approach to diplomacy should be preferred, but alliances depend on the situation.

The international role of the dollar and the euro was the subject of the summary panel that featured remarks from senior economists and policy makers on the presentations given at the conference, what was learned, and what outstanding issues remain.

Support for the conference was provided by the Delegation of the European Commission to the United States.

Annual Dinner

On March 7, the Weidenbaum Center held its annual dinner. William Kristol, editor and publisher of *The Weekly Standard*, spoke on "American Politics After 9/11." His talk dealt with the significance of this event in regard to international politics and the threat of terror and weapons of mass destruction. He also spoke on how the next president will be dealing with a new world and a whole new set of challenges.





Tim Penny

The Federal Deficit & its Consequences

Tim Penny spoke on the federal budget process, the balanced budget of the nineties, and the current deficit. Penny described how the current budget process developed — summarizing its early history when the White House had little to say on budgetary matters to when Congress changed budgetary authority from a part-time legislative branch to a full-time executive branch. He noted how a growing budget deficit led to the enactment of the Budget Enforcement Act in 1990 — capping discretionary spending and disallowing tax cuts without offsetting budget cuts. (The Act has since expired, allowing for the current large federal deficit.)

Penny is a former member of Congress, faculty member at the University of Minnesota, and prolific writer (including the popular book *Common Cents*).

Solar Energy: Poised for a Takeoff

Anders Carlsson, Professor of Physics at Washington University, discussed the problems and promises of solar derived energy, the need for energy solutions, and available upcoming technology. Carlsson stressed that with such problems as global warming and the insecurity in the Middle East, there is a great need for new sources of energy. He advocated the use of Photovoltaic Energy Generation — stressing that if a thousandth of the energy that hits the earth from the sun were harvested, there would be more than enough energy for years to come. The discussion then turned to the current technical difficulties such as land use and inefficient inexpensive materials. In summary,

Carlsson stated that efficiency will continue to rise and costs will continue to decline as research progresses.

Technological Challenges for Homeland Security

Ron Indeck, the Director of the Center for Security Technologies (CST) at Washington University, spoke on technological challenges facing national security. He discussed how to process data efficiently and effectively, while maintaining individual civil rights. (These are the dual goals of CST.)

Specifically, Indeck discussed two major problems confronting data analysis. One



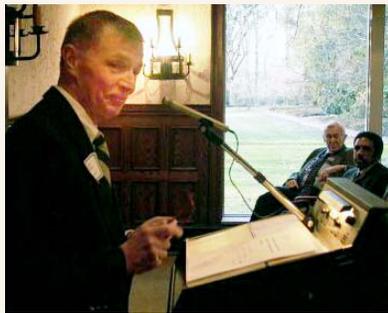
Ron Indeck

is the exponential growth of the amount of data generated in the world — roughly doubling every year. The other problem is the “bottle-necking” effect as data is being manipulated to extract the most useful information. Currently, however, new

technology is being implemented that allows for parallel processing of information. This technology helps deal with “bottle-necking” and reduces the problem of greater volumes of information. To help protect citizen’s rights, he suggested anonymizing the data and only collecting reasonable data.

Lessons From My Years at Edward Jones

Robert L. Virgil, former Dean of the John M. Olin School of Business, and former



Robert L. Virgil

Director of Management Development for Edward Jones, discussed key insights he gained over the years at Edward Jones. He reflected on three lessons.

The first is that business schools matter. They provide important training in such areas as accounting, IT systems, and human resource management. They give fundamental knowledge that is impossible to learn on the job.

The second is that management is a challenging and rewarding career — every bit as vital and rewarding as being an attorney or physician.

The third lesson is that

successful managers anticipate change — especially shifts in public opinion. He noted what occurred after the fall of Enron and the dotcoms.

Environmental Protection

Don Coursey’s presentation focused on eliciting reliable measures of preferences and values for public goods, such as environmental quality and endangered/threatened species. He discussed comparisons of demand for international environmental quality, environmental legislation in the United States, public preferences for environmental outcomes relative to other social and economic goals, and costs related to the protection of endangered species regard-

less of their biological value in the ecosystem. Coursey talked about some of the experiments he has conducted in which participants risk real money, rather than hypothetical situations. This work illustrates how people make decisions about what they are willing to pay (particularly monetarily) for certain environmental outcomes.

Coursey has been called upon for his expertise in this area by a number of organizations such as the National Oceanic and Atmospheric Administration in the wake of the Exxon Valdez oil spill to develop guidelines for federal response to environmental disasters. Coursey is currently with the Harris School at the University of Chicago.

Eliot Society Public Policy Luncheons

The Center’s Eliot Society Public Policy Luncheon Series resumed in September. This special program enables major Center donors (Eliot Society level and above) to meet with faculty from the departments of economics, political science, law, business and other university departments.

The meetings are roundtable discussions of current affairs in areas such as the deficit, social security, health-care policy, the economy, taxes, government spending, international affairs/international trade, and terrorism/national security. Attendees gain more insight into specific events and topics in general. They have a unique opportunity to discuss their views and concerns as well as ask questions with the experts that are present.

The Center is building more comprehensive research programs in public policy areas that complement the University faculty expertise. Two programs are currently underway and a number of other programs are in the planning stages.

Multinational Enterprises and the Global Political Economy

This research program continues to sponsor research and public affairs forums on the relationship between multinational corporations, governments, and domestic economies. Its goals are to facilitate contacts between the U.S. business community and academics. The program examines how democratic governments reduce risks for multinationals, how existing measures of political risk perform in predicting movements in financial markets, and how the International Monetary Fund and the World Trade Organization affect the future profitability of multinational firms operating in emerging

markets.

The first major academic conference and public forum in this area (planned for spring 2007) will focus on global challenges to U.S. business. The conference will bring in academics from across the nation as well as internationally to discuss:

- The impact of political institutions on country level political risk.
- Measuring political risk.
- Firm strategies to minimize risk.
- The impact of political change on the performance of individual firms.
- Backlashes against foreign

direct investment in developing countries.

- Political terrorism and risk for firms.

The public forum will bring experts in from across the country as well as internationally to examine issues such as:

- Globalization — global imbalances, emergence of China, collapse of the Doha trade round.
- Political Developments — oil, rise of economic nationalism, closing of markets, intellectual property.
- Political Risk Analysis — contract limits, rule of law, terrorism abroad, political risk insurance.

Citizenship, Civil Society, and Democratic Values Program

This program sponsors research and programs on the social foundation of democratic processes in the United States and abroad. It aims to broaden and deepen democracy by understanding its cultural roots, the social impediments to majority rule, and the respect for minority rights. Issues such as trends in civic engagement and political participation, the development of democratic norms, evolving forms of political organization and social

networks, and the causes and consequences of globalization will be examined. Currently NSF supports two programs:

- Assessing the Consequences of Politicized Confirmation Processes. This one-year project examines the impact of confirmation processes on the willingness of the American people to extend institutional legitimacy to the United States Supreme Court.
- The Politicization of State

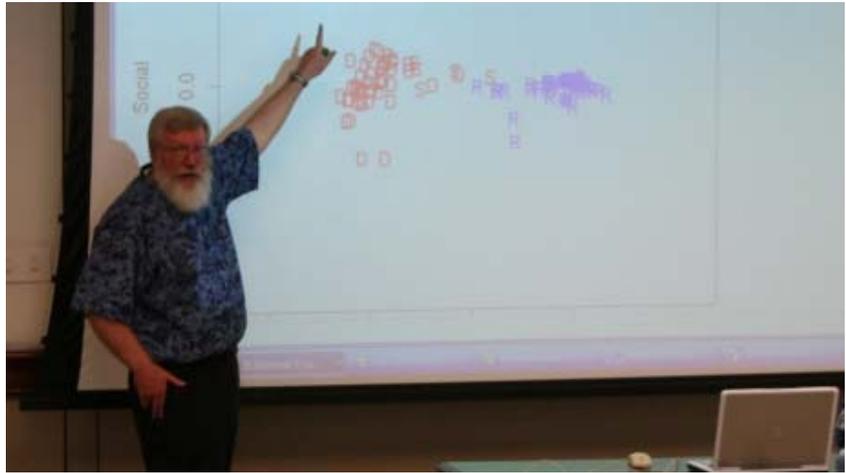
Judicial Elections: The Effects of New-Style Campaigns on State Court Legitimacy. This three-year project examines whether change in attitudes toward law and courts is a function of exposure to politicized judicial campaign advertisements. Data from a three-tier survey of a broad sample of the American public's view of actual campaign ads is being analyzed.

Anyone wanting information on, or wanting to help sponsor, these or other Center programs should contact Melinda Warren (warren@wustl.edu, 314-935-5652) or Gloria Lucy (glolucy@wustl.edu, 314-935-5689).

Weidenbaum Center Hosts 4th Annual EITM Summer Institute

In June, the Center held its 4th EITM Summer Institute—completing its initial four-year program. With such a successful term and supportive feedback from both the student and junior faculty participants as well as the sponsor, National Science Foundation, the Center will continue its program for an additional four years.

This program is unusual as only a few exist across the United States. The program is comprised of three-week training seminars that focus on the methodological challenges posed by mathematical models of the strategic aspects of politics. Graduate students and junior faculty from around the



Keith Poole

country attend the program. Students attend intensive classes throughout the day, followed by hands-on lab application time in the evening. Seminars are led by Washington University faculty members as well as nationally

recognized faculty members from institutions such as Princeton, Stanford, and the University of Rochester.

For more information on the EITM program, please visit the website at <http://wc.wustl.edu/eitm>.

Media Retreat Program

An important objective of the Center is to work with journalists in an open conversation on public policy. In

June, the Center hosted a four-day meeting with 20 journalists to discuss the numbers and the role of statistics as they

relate to the dynamics of policy intervention, the law of unintended consequences, how markets work, and policy choices. This program has two goals: (1) to give journalists a more enriched understanding of public policy issues, and (2) to enable them to become more effective journalists. Past participants include representatives from CBS, ABC News, *Business Week*, *New York Sun*, *USA Today*, *Washington Post*, *Detroit Free Press*, CNN, *Dow Jones Newswires*, *Science*, *St. Louis Post-Dispatch*, UPI and NPR.



Paul Rothstein and media representatives

■ Economics News

The Department of Economics continues to enrich its department by expanding its faculty. New faculty include:

- **Costas Azariadis**, formerly with UCLA (Macroeconomics)
- **Michele Boldrin**, formerly with University of Minnesota (Macroeconomics)
- **Sebastian Galiani**, formerly with Universidad de San Andres (Development Economics)
- **David Levine**, formerly with UCLA (Microeconomics)
- **Werner Ploberger**, formerly with University of Rochester (Econometrics)
- **Steven Williamson**, formerly with University of Iowa (Macroeconomics)

Spotlight on New Faculty

Steven Williamson comes to Washington University from the University of Iowa. In addition to his academic background, he has served as an economist at the Bank of Canada and an economist at the Federal Reserve Bank of Minneapolis.

His research interests include monetary theory, financial intermediation, and unemployment insurance. acts.

David Levine comes to Washington University from UCLA. He is co-editor of

Econometrica, co-editor of *NAJ Economics*, President of the Society for Economic Dynamics, fellow of the Econometric Society, and research associate of the NBER. In addition, he has served as a research consultant for the Federal Reserve Bank of Minneapolis.

Professor Levine's current research interests include the study of intellectual property and endogenous growth in dynamic general equilibrium models, the endogenous formation of preferences, institutions and social norms, learning in games, and the application of game theory to experimental economics.

Special Student Recognitions in the Department of Economics

- **Craig Aubuchon**, Recipient of the Olin Prize for Excellence (awarded by the Weidenbaum Center)
- **Kimberly Piro**, Recipient of the Hyman P. Minsky Prize for Excellence (awarded by the Dept. of Economics)
- **Alicia Caldwell**, Recipient of the Adam Smith Prize for Excellence (awarded by the Dept. of Economics)
- **James McClurken**, Recipient of the Adam Smith Prize for Excellence (awarded by the Dept. of Economics)

■ Political Science News

The Political Science Department is also making additions to its faculty. The following is a list of the new faculty for 2006:

- **Matthew Gabel**, formerly with University of Kentucky
- **James Spriggs**, formerly with University of California-Davis
- **Melanie Springer**, formerly with Columbia University
- **Robert Walker**, formerly with Texas A&M

Spotlight on New Faculty

Matthew Gabel joins Washington University from the University of Kentucky.

His research interests include the political economy of European integration, the political consequences of electoral laws, comparative democratic processes, and American health policy.

James Spriggs joins Washington University from University of California, Davis. His research interests are in American politics, with a specific

emphasis on the scientific study of law and judicial process and politics. He is particularly concerned with how institutions (such as formal rules or informal norms) shape judges' choices. His analysis looks at how judges, in attempting to craft law consistent with their policy preferences, are constrained by institutional rules endogenous and exogenous to courts.

Melanie Springer comes to Washington University from Columbia University. Specializing in American politics and quantitative methods, her teaching and research interest include voting and elections, political institutions, state politics and policymaking, American political development, Congress, political parties, and quantitative methods.

Special Recognitions in the Department of Political Science

- **Professor Brian Crisp** assumed the co-editorship of *Legislative Studies Quarterly*.
- **Graduate Student Jong-Hee Park** won the Society for Political Methodology Poster Award for his poster, "Modeling Structural Changes: Bayesian Estimation of Multiple Change-point Models and State Space Models."

Spotlight on Alumni

Ryan Vander Wielen

Ryan Vander Wielen (Ph.D., May 2006) served as a research assistant for the Center's Director, Steven Smith. He assisted with a variety of projects including the co-authoring of Smith's newest book, *The American Congress* and a project that is currently underway dealing with conference committees. The study is an attempt to find if there is any party-based congressional bias in the makeup of these conferences committees and if this bias has an affect on policy. The main question is whether the party makeup of a sub-conference determines whether or not the bill will get through conference.



Vander Wielen accepted a Tenure Track faculty position at Temple University (Pennsylvania) for its fall 2006 semester.

Katherine Ridgway

Katherine Ridgway (B.A., May 2006) served as an undergraduate research assistant for Steven Smith and worked with Center staff on programs and events. After graduation, Ridgway spent her first few weeks traveling and exploring London, Paris, and Barcelona.



From there, she moved to Washington, D.C. to work as an intern in the public affairs and health care groups for Fleishman Hillard—a PR company based in of St. Louis. Working with clients like the IMF (the private investment arm of the World Bank), AARP, and Johns Hopkins University, Ridgway found the experience to be not only stimulating but most rewarding.

Late in the summer, she began her term as a Dunn Fellow in the Governor of Illinois's press office in Chicago. This position will acquaint her with the interworkings of a governor's office including press conferences and special events and programs. Ridgway is finding the position challenging, yet exhilarating.

Our Staff

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Director

Murray Weidenbaum
Honorary Chairman

Paul Rothstein
Associate Director

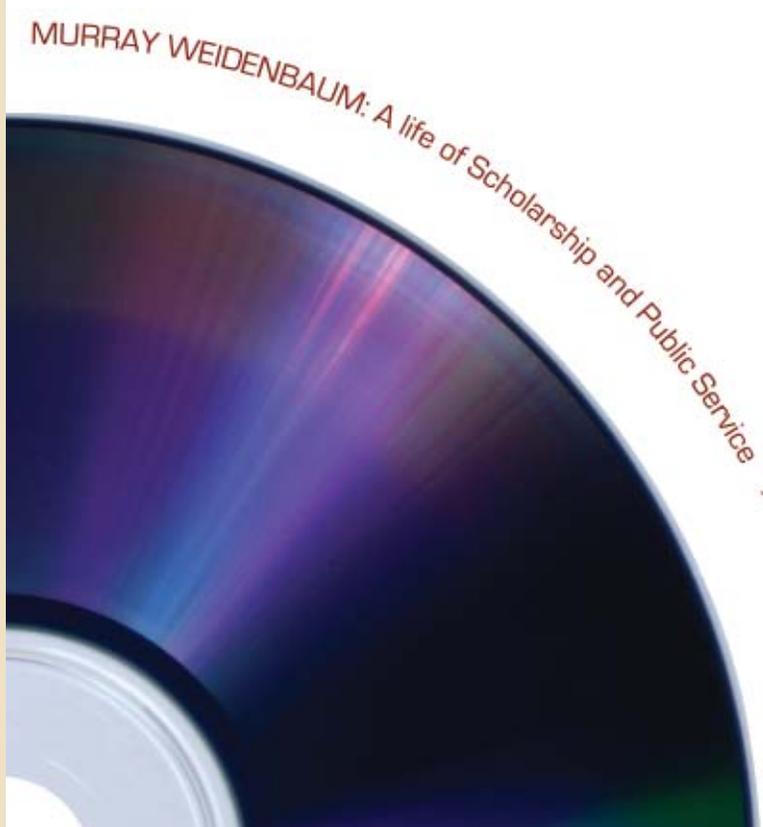
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Christine Moseley
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 Washington University in St. Louis

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