

American Institute for Economic Research

Great Barrington, MA
www.aier.org

AIER Summer Fellowship

Since 1946

Summer 2007

PROGRAM

HIGHLIGHTS:

- **Interactive, intensive economics seminars**
- **Guest lectures delivered by renowned speakers**
- **Learn from and network with distinguished visiting scholars**
- **Engage in critical thinking about important economic issues**

INSIDE THIS ISSUE:

About the Program	2
The Seminars	4
The Faculty	6
Guest Lecture Series	7
The Visiting Scholars	9
The Students	12
Sponsorship Opportunities	20
Application Info	20

Modern Explorations into Economic Foundations

At the AIER Summer Fellowship Program, students who are applying to or enrolled in a doctoral program in economics, as well as economics professors, gain a unique, objective perspective into economic, monetary, and social issues.

As an independent, nonprofit economic research institution, AIER is free from the influence of any special interest or concentration of wealth.

This independence allows us the freedom to focus on educating students by moving beyond textbook economic and

social theory. At AIER, participants apply a historical, institutional, and methodological focus to economics, as distinct



The "Castle" on the 100-acre AIER campus.

from traditional undergraduate and graduate instruction.

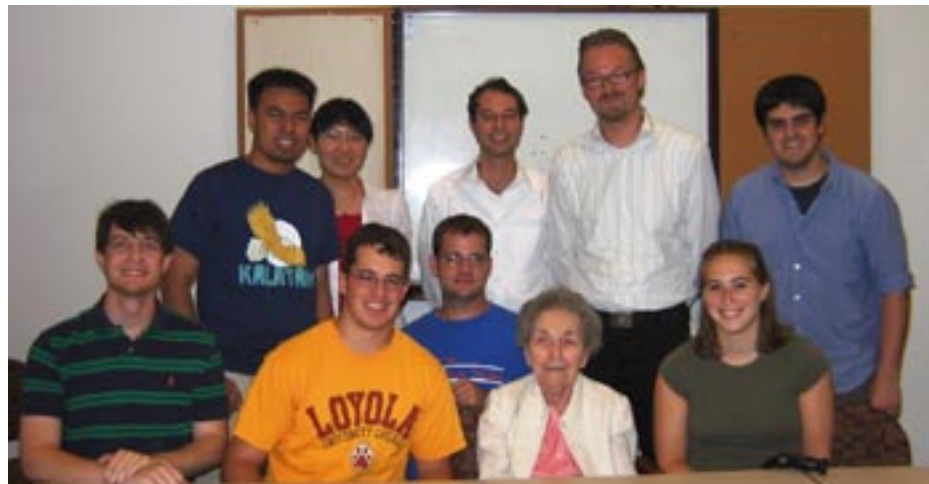
Student Fellows receive a weekly stipend, and room and board. All qualified students are eligible to apply for graduate school financial

support—our average in-absentia fellowship award exceeds \$5,000.

Visiting Research Fellows receive a stipend, housing, office space and access to our extensive library.

Each of our month-long sessions brings together students and scholars to live, learn, read, write and socialize in residence at the AIER campus.

Located in Great Barrington in western Massachusetts, AIER is situated in the beautiful Berkshire hills—home to numerous world class cultural and recreational attractions.



2007 Student Fellows with renowned economist Anna Schwartz.

From the President's Desk

Since its establishment in 1946, the AIER Summer Fellowship Program has continued to provide direct training and financial support to distinguished college students who are pursuing graduate studies in economics, and has regularly hosted established scholars in economics and related fields.

This year's program was another great success. We hosted 14 new students, one returning student, and nine visiting scholars. In addition to the five core program courses, ten guest speakers and all of the visiting research scholars presented more than 20 mini-seminars during the two four-week sessions.

Former participants reading this newsletter will probably remember Walker Todd, John Wood, and Larry Pratt, as well as other long-time trustees and associates involved with the program. You may

also recognize the names of many of the outside presenters. All are well known and respected for their work, such as Scott Bullock of the Institute for Justice, Ed Kane of Boston College, Dominick Salvatore of Fordham, Anna Schwartz of the NBER, John Cawley of Cornell, and George Selgin of the University of Georgia. Scott Bullock and John Cawley are former AIER Student Fellows.

We are already busy planning for next year. Although we go to great lengths to recruit students and scholars, our alumni provide us with some of the best candidates, so please be sure to tell a friend or colleague about our program.

Sincerely,
Charles Murray
President and CEO

About the Summer Fellowship Program

The AIER Summer Fellowship Program brings together advanced students of economics, distinguished economic scholars who are pursuing their own research, and weekly guest speakers to engage in a month-long exploration of economic, social and monetary issues that cannot be found in any traditional graduate or undergraduate economics program.

Founded by Colonel E.C. Harwood in 1933, AIER has conducted research into economic questions for nearly 75 years. In our view, an important lesson to be learned from the experiences of history is that scientists should not expect to be assured of unrestricted freedom of inquiry and discussion as the servants of Government, of any organization funded by Government, or of any vested interests having special privileges or positions of power that those interests desire to perpetuate. This problem can be overcome by providing an environment where scholars of human behavior can derive support for their research and education from many thousands of citizens rather than from entrenched interests. The AIER Summer Fellowship Program provides this environment.

The program is designed for graduating college

seniors who plan to enter doctoral programs in economics or an affiliated field (*e.g.*, law and economics or economic history), and those enrolled in such programs for no longer than two years. Admission is awarded based on academic achievement, interest in current economic problems, plans for future study, and potential for success. We are particularly interested in students who aspire to teaching or other careers where they will have an impact on popular economic understanding.

During their four weeks in residence, Student Fellows participate in intensive seminars on property rights, scientific procedures of inquiry, sound money, and other topics. Assigned readings in these areas provide the basis for written assignments and seminar discussions. Seminar sessions are not conducted as formal lectures, but rather are structured to encourage a disciplined exchange of views.

While in residence, Student Fellows receive room and board plus a \$1,200 stipend. (We are unable to assist with travel expenses and visa arrangements or to accommodate friends or family members.) Those who successfully complete the program are invited to apply for in-absentia fellowships, which provide financial assistance to students enrolled in an ac-

credited graduate-degree program in economics or an approved related field for the following academic year. In recent years, awards have averaged about \$5,000 per student.

Student Fellows may reapply to the program as Returning Fellows. Returning Fellows are expected to attend the special lectures and seminars, to work on a project of their choosing and present their research to the students and researchers at AIER. Exceptional articles may be published in our *Research Reports* or *Economic Education Bulletin*, two AIER publications that are mailed monthly to more than 10,000 subscribers.

However, even the most independent research and education program has little hope of yielding useful results if it is based on “bad” science. Therefore a major component of the Summer Fellowship Program is dedicated to the study of useful procedures of inquiry. Students will study economic methodology with a view toward developing a critical facility — especially with respect to a number of procedures that enjoy current popularity with professional economists but that in our view are seriously flawed.

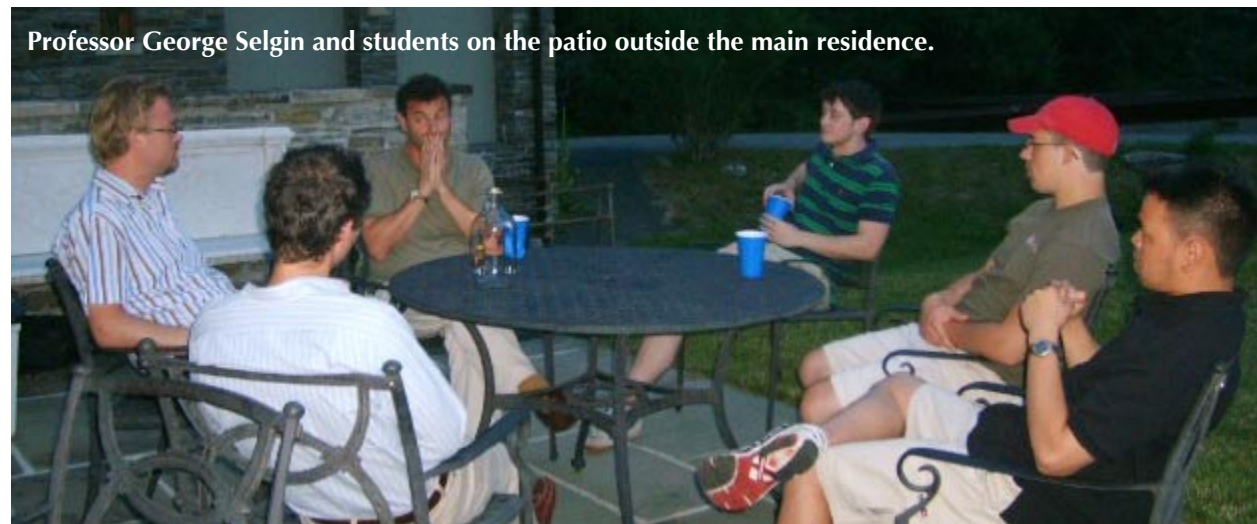
AIER has long maintained that the “quest for certainty,” whether through deduction, revelation, intuition, or any other means, has not been a reliable source of solutions to human problems. Many policy recommendations based on flawed, preconceived views have proven to be disastrous. Therefore it is imperative that students of economics be introduced to the requirements for a genuinely scientific ap-

proach to inquiry at the outset of their studies.

The research findings of AIER suggest that individual freedom, strong property rights, and free enterprise are essential to promoting prosperity. Our findings suggest that powerful, uninhibited government and special privilege, either granted by government or a result of culturally entrenched patterns going back many years, endanger these prospects. However, AIER’s heritage of skeptical inquiry also has taught us that often what was taken as final, certain, and absolute turns out later to be in error. Therefore, we favor these positions not because of an ideological or financial interest, but rather because the historical evidence is powerful enough to warrant the assertion that this social order is superior to any other yet devised for achieving the goals of widespread prosperity and increased standards of living.

We believe it is vital for energetic, innovative, and sharp minds to be exposed to a variety of questions that confront “real world” analysis but that are often ignored by academic economics. This is why we offer seminars on sound money, the evolution of property rights, and methodology. This is why we invite highly regarded scholars representing a wide range of views to research and study among the students. This is why we conduct a guest lecture series that fosters the exchange of ideas with scholars and others at the forefront of research and policymaking. And this is why we support our students beyond the summer.

This is the AIER Summer Fellowship Program.



Professor George Selgin and students on the patio outside the main residence.

The Seminars

In 2007 student fellows participated in five seminars, each meeting one to three hours per week over four weeks. The seminars, described below, move beyond traditional economic textbook theory and are designed to equip students with the tools to become more effective economic communicators and to look critically at arguments and evidence on economics and society. We believe that good economics cannot be practiced inside a vacuum, but rather that economic inquiry should be placed into a broader social realm alongside the study of history, philosophy, political economy, and human behavior.

Property Rights focuses on the origin and development of property rights in Western thought, up through the arrival of modern political economy models in the late eighteenth and early nineteenth centuries. Students learn how modern, major, mainstream, and competing theories of property rights were derived and how they are applied in law, economics, and political economy models today. Particular attention is paid to the Anglo-American conception of property rights. Readings range from the Old Testament and Aristotle, to Locke and Hobbes, to John Stuart Mill, Jeremy Bentham and John Rawls. The course culminates in a paper that encourages students to use the history and theory from the course and apply it to a modern problem.

Methodology requires Student Fellows to ask: How do you know that you know anything? The focus of this seminar is on the process of scientific inquiry in economics, and the role that the philosophy of John Dewey and Arthur Bentley can play in improving the quality of economic inquiry. The seminar applies the insights from their *Knowing and the Known* to particular topics important in methodological discussions within economics. These include the use of econometrics and the prescriptions by prominent economists in the conduct of empirical inquiry. The seminar teaches students how to detect sham reasoning, avoid philosophical doctrines that set up artificial barriers to inquiry, and become more critical, yet open-minded economists. Short essays prepared for each class based on readings from eco-



Professor John Wood leads a discussion of private currencies in the classroom.

nomics, philosophy of science, and other sources, are the basis for seminar discussions.

Sound Money examines issues relating to the origin and nature of money, the legal foundations of money and banking, the role of central banks, the feasibility of free banking, a resumption of the gold standard, and international finance. The principal goal is to gain insight from a historical and classical economic perspective on the appropriate scale and scope of government intervention in money markets and banking activity. Students write a short paper each week, which is the genesis for classroom discussion. Examples of weekly writing topics include an analysis of current forms of “money,” and the role of gold before, during, and



Grand staircase in the main residence at AIER.

after the Great Depression.

Thinking Like an Economist encourages Summer Fellows to examine what they, as economists, can do to inform and instruct the layperson—with particular reference to the analysis of incentives and the functioning of prices in allocating resources.

Business-Cycle Analysis is a central focus of AIER’s research; for this reason, we feel it is important for the Student Fellows to learn about our method of measuring and forecasting business-cycle changes. Students participate in the monthly meeting at which AIER’s research staff reviews the latest economic data and attend a seminar discussing AIER’s methodology for evaluating business cycles.



View of the Taconic Range from the AIER campus.

Summer at AIER

The AIER campus, located in the Berkshire hills of western Massachusetts, has beautiful views in every direction. During the day, students spend most of their time participating in seminars and attending lectures in the E.C. Harwood Library. But after five o’clock, they set off for the “Castle,” AIER’s 31-room stone mansion, where students eat, sleep, and hang out. Many evenings are spent on campus—playing basketball or volleyball, attending wine-cheese-and-movie gatherings, or watching a ball game. Barbecues, outdoor excursions such as hiking the nearby mountains, and other social gatherings are scheduled throughout the summer. World-class cultural attractions abound in the Berkshires. Tanglewood (summer home of the Boston Symphony Orchestra), Shakespeare & Company,

and Jacob’s Pillow, just to name a few, are all nearby. The town of Great Barrington, 3.5 miles away, has many excellent restaurants, a multiplex, and numerous specialty shops. New York City and Boston are within three hours by car or bus, and there is regular train service to New York City within an hour’s drive.



Students enjoy an evening movie.

Summer Program Instructors

Michael Rizzo, Senior Economist at AIER, is the Director of the Summer Fellowship Program. Mike's principal areas of research are the economics of higher education and applied labor economics. Prior to joining AIER in 2006, he taught at Centre College, a Top 50 liberal arts college in Kentucky. Before receiving his Ph.D. in Economics from Cornell University, he worked as an investment banking analyst for Putnam Lovell and received his bachelor's degree from Amherst College.



Morgan Davis, Senior Economist at AIER, taught the seminar on Business-Cycle Analysis. Morgan has been involved with AIER's business-cycle program since he joined the research staff in 1995. He has written on a wide range of topics for *Research Reports* and *Economic Education Bulletins*. He was also the head of the IT department until 2007. Morgan received his M.A. in Economics from the University of Connecticut.



Lawrence Pratt, Senior Fellow at AIER, taught *Thinking like an Economist*. He has held a variety of positions over the years, including Director of Research and Education and President of American Investment Services. He has written numerous articles and a number of books, including *How to Invest Wisely*. He received his Bachelor's degree in Economics from Yale University and previously served in the Peace Corps and as an investment analyst at New York Life.



Walker F. Todd led the Property Rights seminar, sponsored by William Griot. Walker is also an attorney who practices in Ohio and New York and an economic consultant with 20 years' experience at the Federal Reserve Banks of New York and Cleveland. A director and program organizer for the Committee for Monetary Research and Education, he was



an adjunct faculty member of the Cleveland-Marshall College of Law, Cleveland State University, for 13 years. He has written numerous publications on banking and monetary topics, including those related to international debt, the IMF, and the regulation of the banking system and financial markets. He holds a Ph.D. in French from Columbia and a J.D. from Boston University School of Law.

James Webb led the Methodology seminar in 2007. He is a Lecturer in the Department of Economics at the University of Missouri-Kansas City where he has taught since 1999. He is a member of the editorial board of the *Journal of Economic Issues* and has taught a wide variety of undergraduate and graduate courses including Econometrics, Research Methods, and Economic Methodology; and is the author of numerous articles on pragmatism. He previously taught at Western Illinois and Indiana University-Northwest. James received his B.A. from the University of New Mexico. He attended graduate school at the University of California-Berkeley and the University of Texas.



John Wood leads the Sound Money seminar and has been a Visiting Research Fellow at AIER since 1998. John is the Reynolds Professor of Economics at Wake Forest University. He has taught at a number of prestigious universities, including the National University of Singapore, Northwestern University, and the University of Pennsylvania. John is currently researching the Political Economy of Macroeconomic Policy, and he publishes and lectures around the world on a variety of money and banking topics. His latest book, *A History of Central Banking in Great Britain and the United States*, was published in 2005. John received his Ph.D. in Economics from Purdue University.



The 2007 Guest Lecture Series

The Summer Fellowship Program of 2007 was honored to host several prominent speakers who discussed their research, expertise, and the role economists are playing in today's world economy.

Scott Bullock is a Senior Attorney at the Institute for Justice, who litigates property rights, free speech, and other constitutional cases in federal and state courts. In July he presented the E.C. Harwood Memorial Lecture: "Eminent Domain One Year after *Kelo v. City of New London*"



(sponsored by Edward H. Adolph, Chairman of the AIER Board of Trustees). Scott, an alumnus of AIER's 1988 Summer Fellowship Program, argued this case on behalf of the homeowners before the Supreme Court in 2005.

Fred Campano is an Associate Professor of Economics at Fordham University where he teaches in the College of Business. His talk in June was based on his book, *Income Distribution*. Co-authored with Dominick Salvatore, the book was named the winner of 2006 Choice



Outstanding Academic Book Award. Professor Campano spent the majority of his professional career as a Senior Economics Affairs Officer at the United Nations where he worked with four Nobel Laureates advising countries on income distribution techniques for poverty analysis

John Cawley is an Associate Professor of Economics at Cornell University and a research associate of the National Bureau of Economic Research. Professor Cawley has written extensively in all areas of health economics, in particular on the economics of obesity. In addition,



he is the "unofficial" economics job-market sage for the American Economic Association. In June, he presented his findings on the "Academic Labor Markets for Junior Economists." John, an alumnus of the 1993 Summer Fellowship Program, received

his Ph.D. in Economics from the University of Chicago.

Mason Gaffney is a Professor of Economics at the University of California-Riverside, where he has been since 1976. During his academic career he has also worked as a journalist for *Time* magazine, and a Senior Research Associate with Resources for the Future, and he founded the British



Columbia Institute for Economic Policy Analysis. He is an authority on land value taxation, environmental economics and natural resource economics, and has published extensively in urban economics and public finance, the history of economic thought, and macroeconomic policy and theory. In July he delivered two lectures on "Land Taxes and Urban Redevelopment" and "Prospects for Property Tax Reform."

C. Lowell Harriss, Professor Emeritus of Economics at Columbia University, has had a distinguished career, marked by his work as an economic consultant to the United States Treasury, the State and City of New York, the United Nations, and the National Bureau of Economic Research. Dr.



Harriss was a professor of economics at Columbia for over 40 years, during which time he wrote several books and more than 300 articles. A former chairman of AIER's Board of Trustees, he continues to serve as an AIER Trustee. In June he presented the Richard M. Doncaster Economic Education Lecture: "Land and Rent Issues of Current Importance."

Edward J. Kane is the James F. Cleary Professor of Finance at Boston College. An expert in deposit insurance, the changing structure of financial services competition and regulation, and the causes and implications of financial change, in June Dr.



Kane presented the Philip R. Murray Ethics in Economics Lecture: “Ethics and Financial Institution Management.” This was Dr. Kane’s fourth summer visit to AIER. Currently, he consults for the World Bank, is a Senior Ad-

visor for the FDIC Center for Banking Research, and is a Research Associate at the National Bureau of Economic Research. He also serves as the Vice President of the International Atlantic Economic Society and the North American Economics and Finance Association.

Dominick Salvatore, Distinguished Professor of



Economics and Director of the Ph.D. Program in Economics at Fordham University, is author of the principal textbook on international economics. He is a consultant to the United Nations, the World Bank, the IMF, and ma-

major international banks and other corporations. He has published nearly 50 books (in 14 languages) and over 150 articles on international economics. Dr. Salvatore presents his research around the world—prior to joining us he delivered talks to the United Nations General Assembly, the Assembly of European Regions, and the South African Central Bank. In July, he delivered the AIER President’s Guest Scholar Lecture: “Globalization, Growth, Poverty and Governance” (sponsored by Dr. Charles E. Murray, AIER President).

Anna J. Schwartz, Research Associate at the



National Bureau of Economic Research and Adjunct Professor at the Graduate School of the City University of New York, is one of the most influential people in the field of monetary economics. Best known for her collaboration with

the late Milton Friedman on *A Monetary History of the United States: 1867-1960*, she continues to publish, is a prominent member of the editorial board of the *American Economic Review* as well as other journals, has been named Distinguished

Fellow of the American Economic Association, was the principal foreign exchange commenter for the Shadow Open Market Committee, and is former president of the Western Economic Association International. Dr. Schwartz engaged the fellows in July with her reflections on “Monetary History in a Keynesian World.”

Amity Shlaes, a syndicated columnist for Bloom-



berg and a visiting senior fellow at the Council on Foreign Relations, delivered a public lecture on her widely acclaimed book, *The Forgotten Man: A New History of the Great Depression*. This talk focused on what can be learned from the Great Depression about the political and economic climate surrounding the upcoming presidential election in 2008.

Bernard von NotHaus, creator of the Liberty



Dollar. In June, Mr. von NotHaus spoke of the challenges in creating a commodity-backed private currency, using his silver-backed Liberty Dollar as an example. Prior to founding Liberty Dollar, he established the Royal Hawaiian Mint in Honolulu in 1974.



Amity Shlaes discusses her new book, *The Forgotten Man: A New History of the Great Depression*.

Visiting Research Fellows

AIER invites distinguished economic scholars to pursue their own research in residence during one or both of the four-week student program sessions. The field of research is open, but we are especially interested in topics involving money, banking, and credit; public and personal finance; economic and monetary policy; economic methodology; and the roles of individual freedom, private property, and free enterprise in economic progress. Visiting Research Fellows are expected to present their findings to the AIER research staff, other Fellows, and students. Research Fellows also are expected to communicate their findings to a general readership in one of our two flagship publications, the twice-monthly *Research Reports* and the monthly *Economic Education Bulletin*. Visiting Fellows are an integral part of both the intellectual and social life of the Program, as all are welcome to attend the guest lectures, participate in the seminars, and engage our student fellows outside the classroom. Visiting Research Fellows receive a cash stipend, office space in our newly renovated library, and housing at the Institute's campus.

Ramon DeGennaro is the SunTrust Professor of Finance at the University of Tennessee and a visiting scholar at the Federal Reserve Bank of Atlanta. Ray presented two talks during the first session: "Raising Corporate Capital: Theory and Evidence," and "New Evidence on the Link Between Government Subsidies and Wagering." While here he also conducted research on "Value at Risk." Ray's research was sponsored in honor of Dr. Robert Cicero Weems Jr. and was made possible by the contribution of AIER President Charles Murray. Ray holds a Ph.D. in Finance from Ohio State.



William Ford holds the Weatherford Chair of Finance at Middle Tennessee State University and is a former President of the Federal Reserve Bank of Atlanta. He specializes in Money and Banking, Bank Management, Health Economics and Economic Development. Bill presented a talk on "Immigrationonomics," which was the basis for an article subsequently published in our *Economic Education Bulletin*. Dr. Ford can be seen regularly on CNBC and Bloomberg television commenting on Federal Reserve policy and the economy.



Robert Graboyes is a Senior Health Care Advisor at the National Federation of Independent Businesses. Bob is an AIER Summer Program alumnus from 1981 and 1982. In July he presented a semi-



nar on "Health Care and Private Markets." Bob is a Senior Fellow at the National Center for Policy Analysis and a Visiting Scholar at the Kazakhstan School of Public Health, and he teaches at Virginia Commonwealth and the University of Virginia.

David Haddock is a Professor of Law and Professor of Economics at Northwestern University and a Senior Fellow at the Property and Environment Research Center. David presented a lecture on the "The Public Goods Paradox" in July. His research focuses on Law and Economics, Property Rights, and Industrial Organization and Anti-Trust, and has appeared in the top journals in both economics and law. His article on the physical and economic risks created by Army Corps of Engineers projects in the Mississippi Delta was published in our *Research Reports* in the Fall of 2007. Receiving his Ph.D. from the University of Chicago, David previously served on the faculty at UCLA, Ohio State, Yale, Emory and Chicago; he has also served as the Chief of Economic Studies for Antitrust Matters at Ford and served in the U.S. Peace Corps in Ethiopia.



Ronnie Phillips is a Professor of Economics at Colorado State University where he has taught since 1983 and was Chairman of the Economics Depart-



ment (2001-2006). He is a past president of the Association for Evolutionary Economics. He has been a Visiting Scholar at the FDIC and a Visiting Scholar in the Bank Research Division at the Office of the Comptroller of the Currency in Washington, D.C.; and a Resident Scholar at the Jerome Levy Economics Institute of Bard College. He also taught at Texas A&M University. He has published widely on banking issues and public policy in books, academic journals, newspapers, magazines, and public policy briefs. His current research interest is payday lending. During the first session Ronnie delivered a talk on, “Regulatory Agencies and the Courts: Why Are Banks Special?” He has also contributed an article on, “The Security and Future of Online Banking.” He received his Ph.D. from the University of Texas.

Craig Richardson is an Associate Professor of



Economics and Chairman of the Business and Economics Department at Salem College. During the first session, Craig presented two seminars. The first explored the question of how alternative property rights regimes explain China’s extraordinary urban economic development and lack of rural development. Along with Walker Todd, he also presented a seminar giving students and scholars an inside look at the dramatic decline in Zimbabwe’s economy since the land reforms of 2000. Craig was named the Salem College Teacher of the Year in 1997. He specializes in the economics of everyday life, Zimbabwe, the economics of the Internet, and environmental and healthcare economics. His book, *The Collapse of Zimbabwe in the Wake of the 2000-2003 Land Reforms*, was published in 2004. Craig serves as a consultant for the Peru-based Institute for Liberty and Democracy, headed by Hernando de Soto, and has also advised the World Bank and Center for Global Development. He has written several articles for AIER, most recently, “Hurricanes, Tsunamis, and Property Rights.” Craig received his Ph.D. in economics from the University of North Carolina.

George Selgin is a Professor of Economics at the



University of Georgia. In July, Professor Selgin presented his research on “Bank Notes and Economic Growth” which demonstrates the relationship between currency reserve requirements and economic growth. George is one of the leading theorists of free banking, and is the author or editor of six books and numerous articles on economic history, monetary economics, banking, and macroeconomics. His articles have appeared in the *Wall Street Journal*, the *Financial Times*, the *Christian Science Monitor* and other periodicals. His current principal research interest is the set of problems related to small change, private coinage, and competitive currencies. The story of how private industry managed to solve problems that had thwarted the British Royal Mint’s own attempts to supply small change, and of how the government eventually re-asserted its coinage prerogative, forms the subject of his forthcoming book, *Good Money: Private Enterprise and the Foundation of Modern Coinage*. Dr. Selgin is a trustee of the Southern Economic Association and an associate editor of *Econ Journal Watch*, and has been a visiting scholar at the Federal Reserve Bank of Atlanta. He received his Ph.D. from New York University.

Richard Stroup is a Visiting Professor at North



Carolina State University, a Senior Fellow at the Property and Environment Research Center and President of the Political Economy Research Institute (TX). During the June session, Professor Stroup presented a seminar entitled, “The Endangered Species Act: Making Innocent Species the Enemy.” Dr. Stroup is one of the fathers of New Resource Economics, an approach also known as “Free-Market Environmentalism.” He is highly respected for his expertise in making economic concepts accessible to the masses. He is the co-author of *Common Sense Economics* and *Eco-Nomics: What Everyone Should Know About Economics and the Environment* (which received the 2004 Sir Anthony Fisher Award). Dr. Stroup is also recognized for in-

roducing the public choice school of economics in a leading economics principles textbook, *Economics: Private and Public Choice* (co-authored), now being updated for its twelfth edition. In addition to being an adjunct scholar at the Cato Institute, he is a member of the Mont Pelerin Society and has been listed in *Who's Who in America* since 1986. Rick received his Ph.D. in economics from the University of Washington. During the Reagan administration, he served as the Director of the Office of Policy Analysis at the Department of Interior.

Elaine Tan is Senior Lecturer (Assistant Professor) in the Department of Economics at the University of London, Royal Holloway College. Her 2005 AIER seminar, "Regulating Wages in Kind," was



published in AIER's *Research Reports*, as "I Owe My Soul to the Company Store." Her July 2007 presentation on "Hong Kong a Decade After the Transfer" illustrated the growth and property rights record in Hong Kong since the British returned the island to Chinese rule in 1997. While here, she conducted historical research on the relationship between the temperature record and economic output in England over the prior three centuries. Dr. Tan's fields of interest are institutional economics and economic history. Elaine received her Ph.D. from the University of Cambridge after completing her undergraduate degree at Yale.



Professor Richard Stroup presents a seminar during the Summer Program.

Student Fellows

The program is designed for graduating college seniors who plan to enter doctoral programs in economics or an affiliated field (e.g., law and economics or economic history), and those enrolled in such programs for no longer than two years. Admission is awarded based on academic achievement, interest in current economic problems, plans for future study, and potential for success. We are particularly interested in students who aspire to teaching or other careers where they will have an impact on popular economic understanding.

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Student Fellows may reapply to the program as Returning Fellows. Returning Fellows are expected to attend the special lectures and seminars, to work on a project of their choosing and present their research to the students and researchers at AIER. Exceptional articles may be published in our *Research Reports* or *Economic Education Bulletin*, two AIER publications that are mailed monthly to more than 10,000 subscribers.

In 2007, a total of 15 students were selected to attend the program, six during our first four-week session and nine during our second four-week session. Our applicants and attendees, described below, represented a wide range of undergraduate and graduate institutions both within the United States and around the world.

A.J. Carver (U.S.) received his B.S. in Astronomy-Physics from the University of Wisconsin and is currently pursuing a Masters in Quantitative Economics at the University of Paris I. A.J. is interested in better understanding the mechanisms that contribute to extreme



poverty, unemployment, low wages, and economic growth in an increasingly interconnected world. He says the most valuable lesson from the Program was that a lack of secure property rights is an underappreciated element of many human problems.



Chuck winds his way up nearby Monument Mountain.

Kevin Chua (Philippines) Kevin is entering his second year as a Ph.D. student in Economics at Fordham University, where he enrolled after working for four years at the International Exchange Bank in the Philippines. He is interested in International and Development Economics and aspires to a position at a national or supra-national organization such as the United Nations, the Asian Development Bank or the Central Bank of the Philippines. Kevin said that he most enjoyed being exposed to courses that he would not normally get in school.



Aaron Dighton (U.S.) earned a B.A. in Math and Economics from Coe College and is beginning his first year in the Economics Ph.D. program at the University of Minnesota. Aaron is interested in Monetary Economics. Originally from Davenport, Iowa Aaron particularly enjoyed the seminar on Sound Money.



Frank Fagan (U.S.) received his B.S. in Financial Management and Computer Systems from Grove City College in 1999. This fall Frank began his second year in a joint Ph.D. program at University of Bologna and Erasmus University – Rotterdam (Netherlands). His interest is in studying the influence of Common Law on the codification of Continental European Law and he hopes to hold a joint academic appointment in the U.S. and Europe upon graduation.



Michelle Friedman (U.S.) earned her B.A. in International Relations from Tufts University in 2005. She is currently pursuing an M.P.A. in Economics and Public Policy at the London School of Econom-



ics. Upon completion of her Masters, she hopes to pursue a Ph.D. in Economic Development in order to begin a career at an international development agency. Michelle said that the most interesting idea from the Program was the concept of competitive money.

Christa Jensen (U.S.) was a recipient of the Foulke Award in 2006 (see below) and returned in 2007 for her second summer. Christa is in her second year in the Economics Ph.D. program at West Virginia University. She presented a seminar critiquing “industry clusters,” the latest trend in economic development planning. At West Virginia, she studies Regional Economics and Monetary Economics, eyeing a research or advisory position upon graduation. She was struck by learning about eminent domain takings during Scott Bullock’s lecture this summer, which has inspired her to investigate a research project on the expenses of such takings.



Donato Latrofa (U.S.) earned his B.A. in History

Roy Anderson Foulke Graduate Scholarship

The Foulke Foundation, in memory of Roy Anderson Foulke Jr., annually funds an award to the AIER Student Fellow or Fellows who demonstrate the highest potential for development as economic scientists dedicated to pursuing solutions to human problems in the tradition of AIER. We are pleased to announce that the 2007 award will be shared by Frank Fagan, Donato Latrofa, Charles Long and Benjamin Marx.

Roy Anderson Foulke, Jr. (1927-1999), a graduate of Bowdoin College and Stanford University (MBA), enjoyed a successful career in finance and industry, involving a variety of enterprises. Mr. Foulke’s service to AIER was extensive. As a long-time voting member, he was persistent in his commitment to the philosophy and long-term interests of the Institute. In 1978, he was the founding director of American Investment Services, Inc. and served as Chairman of the AIS Board of Directors for eight years. Mr. Foulke was elected to the Board of Trustees of AIER in 1987, and served as that Board’s Chairman from 1994 until his death. His service to AIER followed a family tradition that began with his father, a close friend of Col. Harwood, who served as Chairman of the AIER Board of Trustees for six years. Mr. Foulke’s philanthropy was dedicated to promoting civilization, and his time and counsel to the search for solutions to human problems. Mr. Foulke’s commitment and dedication to his work will remain alive through this generous award.



and Economics at Monmouth College and has recently begun his first year at the Loyola University (Chicago) School of Law. His interest is in transactional and corporate law; he hopes to raise the level of economic literacy in the law profession. Don felt the most important parts of the program were the reasoning and critical thinking approaches in the Methodology course.

Charles Long (U.S.) received his B.B.A. in Economics from Loyola University (New Orleans). Chuck has entered his first year in the Ph.D. program at Suffolk University in Boston where he will focus on what Nobel Laureate James Buchanan popularized as “public choice economics” and where he will be studying under AIER summer program alumnus Ben Powell. He emphasizes how important it was to have his methodological preconceptions challenged throughout the Program—in-

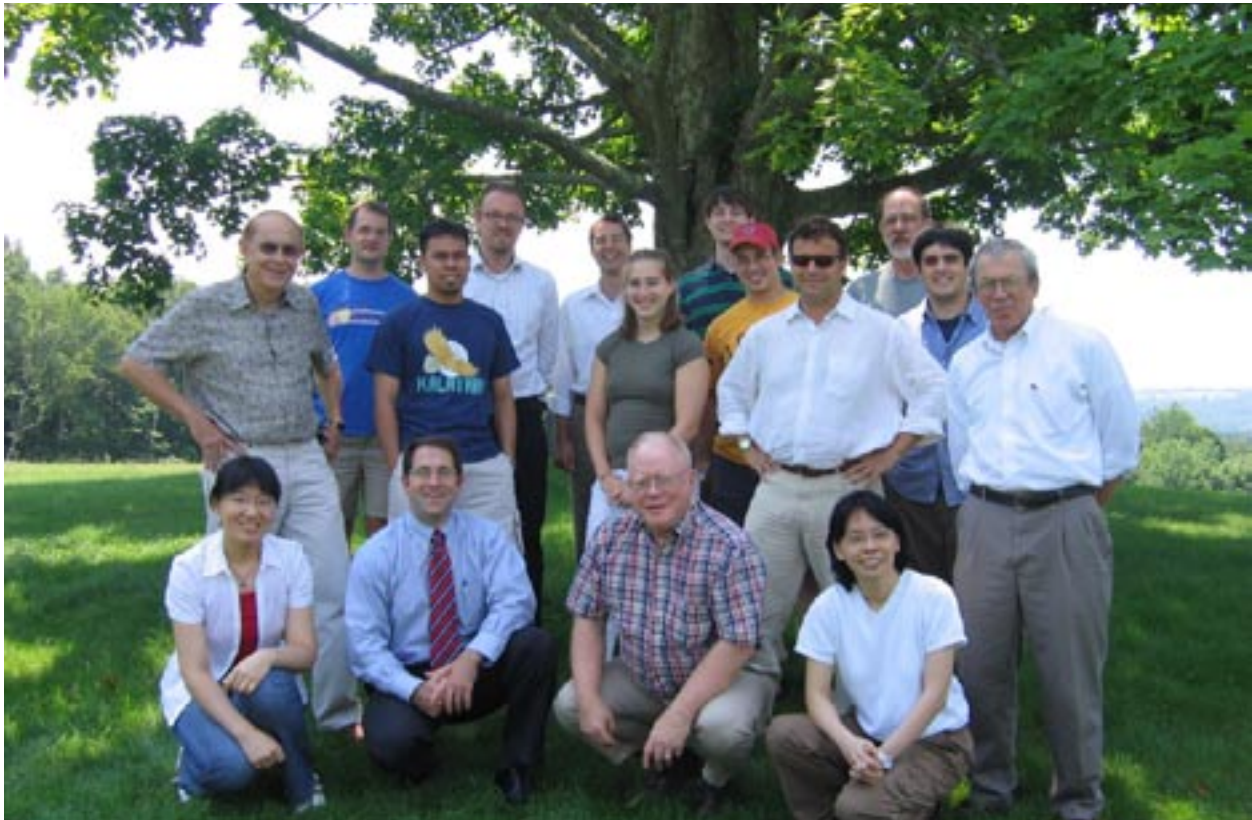


fluencing him to think critically about concepts he once thought were certain.

Boris Krey (Germany) is currently studying for his doctorate in the Socioeconomic Institute at the University of Zurich. He expects to receive his Ph.D. in October of 2008 and then obtain a position as a research economist with a multinational organization. Learning about the role private money plays in economic development and the methodological challenges surrounding the quest for certainty particularly interested Boris; as did the lively volleyball games and discussions with other fellows.



Daniel MacDonald (U.S.) earned his B.A. in Economics and B.S. in Math from Seton Hall University. Dan is entering his first year in the Economics Ph.D. program at the University of Massachusetts where he plans to study “New Institutional Economics”—in essence, the study of economic development with a focus on how and



Students, research fellows, AIER staff and program faculty during session two.



Professor Elaine Tan and Christa share a meal in the dining room.



why institutions matter. Dan most enjoyed the conversations with the very ideologically diverse and interesting group of students and scholars at AIER. Upon graduation he aspires to a teaching career at a liberal arts college.

Benjamin Marx (U.S.) received his B.S./B.A. in Finance and Economics from Robert Morris University in 2001. Ben has begun his first year in the Economics Ph.D. program at Columbia University. Ben's research interest is in studying the behavior of nonprofit organizations, their governance structures, and the interaction of each with the market, particularly at the international level. In short, he plans to study the correspondence of individual incentives with those of the people these organizations are supposed to be serving. Prior to attending AIER, Ben established economic development programs for resettled refugees for AmeriCorps in Dallas; he was also a finance manager for Citizen Schools, a national network of after-school education programs for students in grades six through eight.

Kilian Reber (Switzerland) is currently studying for his doctorate in Empirical Institutional Economics at the University of Basel in Switzerland where he expects to receive his Ph.D. in the spring of 2008. He hopes to pursue a career as



an academic research economist. While at AIER, Kilian was most influenced by the analysis and challenging of the widely accepted means and instruments of econometrics in Professor Webb's Methodology course.

Michael Stahlman (U.S.) earned his B.A. in Economics from Westminster College in Missouri. Michael has just begun his first year in the Agricultural Economics Ph.D. program at the University of Missouri where he is interested in how agriculture influences economic development. He foresees a future living and working in a developing nation. Prior to receiving his undergraduate degree, Michael spent six years in the Navy, living and working on a nuclear submarine.

Ryan Wesslen (U.S.) received his B.A. in Economics from the University of North Carolina and is now in his first year in the Economics Masters program at New York University. Upon graduation he envisions a career in the areas of economic growth and monetary economics. Ryan was especially interested in our property rights course, and wrote a paper on property rights and western state water markets.



Kilian and Professor Haddock discuss Professor Stroup's presentation on Endangered Species.



Students enjoying a lunch break on the patio.

Right: Michelle leads the way on a hike to Bash Bish Falls.



Xiao Yu (China) completed a Masters in Economics at SUNY Albany before joining us this summer. She is entering the first year of the Ph.D. program at Georgetown University. Xiao is primarily interested in International Finance, Money and Banking, and Economic Forecasting, and aspires



to a faculty research position or a research position at an international organization such as the World Bank or IMF. Originally from Sipling in the Jilang Province, Xiao received her undergraduate degree at Tsinghua University, widely recognized as China's top university.

Are you interested in applying? Would you like more information?
Visit our website:
www.aier.org/education
E-mail us at:
fellowship@aier.org



Bash Bish Falls in nearby Copake, New York.



Xiao enjoying her meal at our Lobster Fest.

Where Are They Now?

Over 300 students have participated in the AIER Summer Fellowship Program, most subsequently completing their Ph.D. in economics. Our alumni have gone on to careers in academia, law, government, consulting, finance, international organizations, think tanks, policy firms, central banks and more.

Judith Chevalier, 1988 alumnus, is the William S.



Beinecke Professor of Finance and Economics & Deputy Provost for Faculty Development at the Yale University School of Management where she has taught since 2001.

Professor Chevalier has been widely recognized for her research in the areas of both finance and industrial organization. For example, her recent research on state casket sales and regulations found that when courts lift funeral goods sales restrictions, the prices of funeral goods fall but the prices of funeral services rise by nearly as much.

In 1999, she won the first biennial Elaine Bennett prize given by the American Economic Association in recognition of research by a young woman in any area of economics. She is an elected member of the executive committee of the American Economic Association, and a co-editor of the *American Economic Review*.

Dr. Chevalier graduated *summa cum laude* from Yale in 1989 and completed her Ph.D. at the Massachusetts Institute of Technology in 1993.

Her research and insights on current economic issues will now be read by hundreds of thousands of people as she is now a regular contributor to the *New York Times*' "Economic View" column.

Douglas Irwin, 1985 alumnus, is the Robert E.



Maxwell Professor of Arts and Sciences in the Department of Economics at Dartmouth College where he has taught since 1997. Professor Irwin is one of the world's leading experts on trade policy.

He is the author of *Free Trade Under Fire* (now in its second edition) which was selected as one of Choice's Outstanding Academic Books for 2003. The book explores why global trade has become so controversial and whether free trade deserves its bad reputation. He has also authored or edited six additional books, over 60 articles and numerous policy papers and newspaper articles on trade policy.

Professor Irwin is a Research Associate at the National Bureau of Economic Research and the editor of the *World Trade Review* and is currently working on a history of U.S. trade policy from colonial days to the present.

Prior to his appointment at Dartmouth, Dr. Irwin spent six years teaching at the University of Chicago. He has also served on the staff of the President's Council of Economic Advisers and the Board of Governors of the Federal Reserve System. He received his Ph.D. in economics from Columbia University in 1988 and his B.A. in Political Science in 1984 from the University of New Hampshire.

Recent Alumni News

2005 alumnus Michael Makowsky, currently an Economics graduate student at George Mason University, had his most recent research paper featured in a variety of news outlets, most notably in the *New York Times*. His work (joint with Professor Thomas Stratmann), "Political Economy at Any Speed: What Determines Traffic Citations?" demonstrated that traffic tickets were issued more often in localities that were short on cash, and that nonresidents received tickets more often than drivers with local addresses. If you are driving on vacation far from home this year, perhaps you might wish to go easier on the gas pedal!

About AIER

Organized in 1933 as a private, independent, scientific and educational charitable organization, the American Institute for Economic Research plans its research to help individuals protect their personal interests and those of the Nation. The Institute represents no fund, concentration of wealth, or other special interests. Its financial support comes primarily from the annual fees of thousands of sustaining members, from sales of its publications, and from tax-deductible contributions. Experience suggests that information and advice on economic subjects are most useful when they come from a source that is independent of special interests, either commercial or political.

AIER was founded by Colonel Edward Crosby Harwood, a graduate of the United States Military

Academy. His intensive studies of economic problems in the 1920s and early 1930s led him to see the need for a self-sufficient and objective research organization that would inquire into the wide range of economic, social, and monetary developments that had contributed to the Great Depression. He deemed necessary that such an organization avoid financial dependence on government funds or on a few individuals or groups with special interests. With \$200 Col. Harwood began operations in 1933. Since then, the Institute's publications have enjoyed a wide sale. These sales along with support from thousands of sustaining members and individual contributors provide a financial base for AIER's research work and for the Summer Fellowship program.



Students enjoy the beautiful grounds at AIER.



Students, research fellows, AIER staff and program faculty during session one.

Session One Presentations

John Cawley	Cornell	Academic Labor Markets for Junior Economists
Ray DeGennaro	Tennessee	Raising Corporate Capital
		The Link Between Government Subsidies and Wagering
Lowell Harriss	Columbia	Land and Rent Issues of Current Importance
Edward Kane	Boston College	Ethics and Financial Institution Management
Ronnie Phillips	Colorado State	Regulatory Agencies & Courts: Why Are Banks Special?
Michael Radzicki	Worcester Polytechnic Inst.	System Dynamics
Craig Richardson	Salem College	Property Rights in China
		An Inside Look at Zimbabwe
Amity Shlaes	Council on Foreign Relations	The Forgotten Man
Richard Stroup	North Carolina State	The Endangered Species Act: Making Innocent Species the Enemy
Walker Todd, John Wood	AIER and Wake Forest	The IMF
Bernard von NotHaus	Liberty Dollar	How to Run a Private Currency

Session Two Presentations

Scott Bullock	Institute for Justice	Property Rights and Eminent Domain After <i>Kelo</i>
Fred Campano	Fordham	Income Distribution
William Ford	Middle Tennessee State	Immigrationomics
		Economics Career Tracks
Mason Gaffney	University of Cal-Riverside	Land Taxes & Urban Redevelopment
		Prospects for Property Tax Reform
Robert Graboyes	Nat. Fed. of Indep. Businesses	Health Care and Private Markets
David Haddock	Northwestern	The Public Goods Paradox
Christa Jensen	West Virginia	Industry Clusters and Regional Development
George Selgin	Georgia	Bank Notes and Economic Growth
Dominick Salvatore	Fordham	Globalization, Growth, Poverty and Governance
Anna Schwartz	NBER	Monetary History in a Keynesian World
Elaine Tan	University of London	Hong Kong 10 Years After the Transfer

Sponsorship Opportunities

Since its inception, AIER has provided independent research directly to the public through the sale of its publications and by offering students an education in unbiased inquiry through the Summer Fellowship Program.

While the purchase of our publications and our annual sustaining memberships cover some of our costs, we depend on the generosity of our supporters. Currently, approximately two-thirds of our overall operations are funded through charitable contributions, including a sizable portion of the AIER Summer Fellowship.

Every gift to the AIER Summer Fellowship counts, no matter the size. Gifts below \$1,000 typically cover academic and residence expenses for our summer staff and students, while providing them with full office technology, library and support. For gifts of \$1,000 or above, we provide donors with the opportunity to underwrite specific lectures or events, and acknowledge them for their generosity in our printed materials and press releases (should

they desire such public recognition). Donors may also underwrite specific summer-long research or teaching fellowships, sponsor awards for students, or even “adopt a student” for the summer, covering all of a single student’s expenses, in exchange for more significant gifts.

We welcome gifts of cash or appreciated assets, and our development personnel regularly work with prospective donors to find the best mechanisms for satisfying their philanthropic intentions. We do not accept corporate, government or private foundation support, in keeping with our mission of providing independent research and analysis.

Sponsorships and underwriting opportunities are limited, so please contact Director of Operations and Development J. Eric Smith (jesmith@aier.org or 413-528-1216, x3154) if you are interested in making such a gift to support the Summer Fellowship Program. Operating gifts to support the 2008 Summer Fellowship may be made at any time before July 1, 2008.

To Apply for a Student or Research Fellowship

Student Fellows must submit a completed application form, curriculum vitae (or resume), personal statement, writing sample, outline of proposed course of study and career objective, official transcript(s), and at least two scholastic references. **Research Fellows** should send a cover letter, a 500-word outline of their proposed course of research, curriculum vitae, and a copy of a recent publication or unpublished manuscript. Online, e-mailed, or print applications must be received by March 14, 2008.



For information contact:

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Web: www.aier.org/education

Program dates for 2008:
Session 1, June 2 – June 27
Session 2, July 9 – August 5