

# Economics in Action

Department  
of  
Economics

<http://econ.ucsd.edu>

University of California, San Diego

## Introducing Michael Noel

By Dolores Davies  
University Communications, UCSD



Michael Noel,  
Assistant Professor of Economics

**M**ichael Noel has always been interested in innovation. Not just innovation in a particular good or service, he says, but rather innovation in the industry-specific institutional mechanisms with which firms interact with consumers, regulators, and each other. These are the mechanisms which improve --or potentially hamper--efficiency. It is this interest that has led him to the field of economics and the study of industrial organization.

What led Noel to the UCSD Economics Department, which he joined in July 2002, was the top notch microeconomic theorists and econometricians. He was also impressed, he says, with the department's ability to successfully recruit very high-quality junior faculty, which provide an invaluable peer group of new assistant professors.

Before joining UCSD, Noel earned his Ph.D in economics from MIT,

and prior to that, received his B.S. and M.A. degrees from

the University of Toronto. While at MIT and the University of Toronto, he also taught courses in industrial organization, game theory, and microeconomics. At UCSD, Noel is busy conducting research in the area of empirical industrial organization and teaching courses in antitrust and regulatory policy as well as industrial organization.

Recently, Noel has focused on examining the pricing behavior of competitive firms in almost homogenous goods markets. He is studying whether volatility in product pricing in certain markets drives consumers to search even more intensely than traditional analysis of monetary costs and benefits would predict. Specifically, Noel is interested in how consumer behavior can impact prices and welfare in a competitive market.

His current research explores the extremely volatile pricing behavior by competing retail gasoline stations throughout Canada. According to Noel, every few weeks, prices jump 25% citywide in a matter of hours, and then fall back down slowly over the coming weeks. Noel examines how the competition between large and small firms generates these cycles and can induce welfare consequences.

Noel also compares the similarities and differences between the Canadian and the U.S. markets. Although he acknowledges that gas prices in California have recently increased dramatically, due in large part to the war in Iraq and supply disruptions in

Venezuela and Nigeria, in the U.S., we do not experience week-to-week short term volatility in retail gas prices when wholesale prices are otherwise flat.

While he has not yet had the chance to explore consumer and firm behavior in Southern California markets and contrast them with that observed in Canada, now that he is a San Diegan, Noel hopes to collect detailed pricing data for San Diego and Los Angeles so he can examine and compare the different pricing and behavior patterns. What he has observed in San Diego, however, is large differences in retail prices at nearby gas stations, a pricing phenomenon that does not exist in Canada.

When he isn't price shopping, Noel, who lives in Oceanside with his wife Cheryl, can be found in the backcountry hiking or camping. And, while he admits that San Diego's balmy climate is perfect for the outdoor lifestyle, sunshine dollars can only make up for so much. He still misses the expansive network of canoe routes in the northeast.

### Inside this Issue

<b>Chair's Corner</b> .....	<b>2</b>
<b>Economics Roundtable</b> .....	<b>2</b>
<b>Alumni News</b> .....	<b>3</b>
<b>Department News</b> .....	<b>4</b>

## Chair's Corner



Richard Carson, Chair  
UCSD Economics Department

**E**nvironmental and resource economics is my specialty in economics. The range

of topics pursued in this field is remarkably broad: climate change, endangered species, energy supply, fisheries, forestry, hazardous waste, outdoor recreation, pollution control, water supply, wilderness areas, air and water quality.

Environmental and resource

economics, along with applied microeconomics generally, has grown in strength and breadth at UCSD in recent years.

My own work in this area has included the damage assessment for the Exxon Valdez oil spill and an evaluation of the benefits of the U.S. Clean Water Act. I also served as the head of the University of California's Institute on Global Conflict and Cooperation's delegation to the global climate change negotiations (the Kyoto Protocol).

When I joined the UCSD faculty in the mid-1980s, I was the only faculty member in economics at UCSD working on environmental issues. The faculty now treating these issues include Adjunct Professor Dale Squires, Prof. Theodore Groves, Prof. Jeff Vincent (at UCSD's Graduate School of International Relations and Pacific Studies), and Assistant Prof. Wolfram Schlenker (joining the Economics faculty in the Fall of 2003). Adjunct Prof. Dale Squires works at the National Marine Fisheries Southwest Fisheries Center on the UCSD campus. He is the government's economic expert on international fishing agreements and is one of the country's best known fisheries economists. He now teaches a popular UCSD class, Economics of Ocean Resources.

Prof. Theodore Groves is a long-standing member of the UCSD Economics faculty. He was Chair of the Department when I joined the faculty in the 1980s. Prof. Groves' theoretical work on economic incentives has had a strong influence on the design of policies for controlling pollution. He has been working recently on applied topics in environmental policy. Professors Groves and Squires are planning on teaching a course in 2003-04 on Economics of International Environmental Agreements. Prof. Jeff Vincent of UCSD's Graduate School of International Relations and Pacific Studies is an affiliated faculty member of the Economics Department. Prior to joining UCSD in 2001, Vincent was a senior fellow at the Institute for International Development at Harvard University. He has directed research and technical assistance projects in Southeast Asia, central and eastern Europe, and the former Soviet Union. Professor Vincent is a leading authority on tropical deforestation.

Dr. Wolfram Schlenker will be a new assistant professor starting in July 2003. He comes here from UC Berkeley.

**2** Schlenker's doctoral research treats the impact of

increases in greenhouse gases (particularly carbon dioxide) on U.S. agriculture. He shows that non-irrigated agriculture would experience a large reduction in crop yields. The impact on irrigated agriculture varies. Yields to irrigated agriculture will increase in areas where irrigation infrastructure (reservoirs and aqueducts, already near capacity) expand to accommodate regionally increased rainfall that is likely to occur.

Complementing these professors are Genevieve Peters, a popular UCSD lecturer whose major field of interest

## Environmental & Resource Economics at UCSD

is environmental economics, a steady stream of prominent visiting professors working in the environmental policy area, and a growing number of UCSD graduate students who are pursuing environmental and resource economics as their main field. Our students include: Max Auffhammer --- joining UC Berkeley as an assistant professor this Fall --- is working on forecasting Chinese greenhouse gas emissions; Susana Ferreira recently received a prestigious fellowship from Resources for the Future supporting her dissertation work on national income accounting for natural resources and environmental quality and on government policy and institutions' effects on tropical deforestation; Nada Wasi is writing her dissertation on the influence of environmental amenities on recent U.S. migration patterns; Tom Corringham, a second year graduate student, is working with researchers at the Scripps Institution of Oceanography on how new long term weather forecasting models can be used to improve the operation of water reservoirs and the control of wildfires; Maria Damon, a second year graduate student, is working to formulate incentive schemes to encourage pollution reduction from copper-based boat paints.

## Economics Roundtable

The UCSD Economics Roundtable is organized by the UCSD Department of Economics in coordination with UCSD Extended Studies and Public Programs. The purpose of the Roundtable is to provide top business professionals and community leaders in the San Diego region with the opportunity to share the views and opinions of renowned experts in the field of economics, finance, business and public policy. Members of the Roundtable share insights with their counterparts in the business community and with members of the UCSD faculty, continuing an important UCSD partnership tradition between the academic and business communities.

Join the UCSD Economics Roundtable on July 23<sup>rd</sup> when Dr. Ben Bernanke presents a talk on "Challenges for Monetary Policy Entering the 21<sup>st</sup> Century" at the UCSD Faculty Club. Ben Bernanke is a member of the Board of Governors of the Federal Reserve System and is the editor of the *American Economic Review*.

If you are interested in attending the July 23<sup>rd</sup> meeting, please contact Edie Munk, Coordinator of the UCSD Economics Roundtable.

Edie Munk, Coordinator  
UCSD Economics Roundtable  
Phone: (858) 822-0510  
Fax: (858) 822-0700  
emunk@ucsd.edu

<http://econ.ucsd.edu/roundtable>

# Seymour Harris Award Winners Tell Us What They're Doing Now.....

Each year, the Department of Economics gives the Seymour Harris Award for Excellence in Economics. This honor, which includes a certificate and a cash award presented at graduation, is granted to the graduating senior considered the department's most outstanding economics student. This award commemorates Seymour E. Harris, a prominent government advisor in the 1940's, 50's and 60's, a noted member of the Harvard economics faculty, and the founding chairman of the UCSD Economics Department.

## Shawn Lichaa, 2001 Recipient

Since my graduation from Muir College in 2001, I briefly worked for San Diego Gas & Electric's Economic Forecasting department estimating the determinants of residential end-use electricity models. Since then, I have been employed by Alpha Epsilon Pi, North America's Jewish Fraternity, currently serving as the Director of Programming. I am also the editor of Karaite Jews of America's quarterly bulletin. My time at UCSD, especially the honors sequence of the economics program, has prepared me particularly well for my careers. The Honors Economics Program impressed upon me one of life's greatest virtues: Discipline. In this respect, the analysis of a particular policy, or a change in a policy, taught me that in life even small things can have a big impact. I have recently been accepted to UC Berkeley's Law School (Boalt Hall) and plan to study non-profit and tax law.

## Edward Cho, 2002 Recipient

In the Fall of 2002, I began the doctoral program in Economics at MIT. My experience at MIT has been great so far. I've met a lot of great people from all over the world, who all are excited about economics. As a first year grad student, most of my time is spent working on problem sets or studying, and there isn't much time to think about research topics, let alone sleep. However, the faculty members here are very friendly and are always willing to help with any questions that I have. This summer, I'm planning to do my own reading to get a sense of what economic fields I may do research in. I'll be located in Boston where if I have any questions, I can easily reach a department faculty member. The research opportunities and faculty at UCSD played a big role in preparing me for my first year grad studies. I had an idea of what to expect in my first year as a grad student, and the UCSD faculty also explained to me what courses I needed to take in order to get into grad school. Without this guidance, I surely would not have ended up at MIT.

## Alumni News Submission

*Economics, QEDS, & Management Science Alumni  
Do you have some news to share with us?  
Economics in Action would like to hear from you!*

Name: \_\_\_\_\_

Employer: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

E-mail: \_\_\_\_\_

Major: \_\_\_\_\_ Year of Graduation: \_\_\_\_\_

Other degrees (year, institution): \_\_\_\_\_

News Item: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Send form to: Economics in Action, UCSD Department of Economics 0508,  
University of California, San Diego, 9500 Gilman Drive, La Jolla, CA 92093-  
0508 or email to dmmurphy@ucsd.edu*

## Alumni News

**Michelle McKinnon, Joint Math/Economics, '02**, has been working for the Spangenberg Group as a Research Associate since graduating from UCSD last year. The Spangenberg Group is a legal consulting firm specializing in indigent defense located in Boston, MA. Michelle will begin the PhD program in Economics at Boston University this fall.

**Lilli Meslis, Economics '02**, is employed by Black and Decker and serves as a Direct Sales Rep to San Diego County Home Depots. According to Lilli, her Economics degree from UCSD was an impressive tool in the interview process.

**Goon Pattanumotana, Economics '97**, received an MBA from Keller School of Management in June 2002. For the past five years Pattanumotana has worked as a business journalist and research director at the San Diego Business Journal. Pattanumotana is now a part-time economics professor for the State Community College District in Clovis, CA.

**Brette Simon '91, QEDS**, received her JD in 1994 from UCLA and is an attorney specializing in corporate securities, mergers and acquisitions, venture capital and joint venture transactions in Los Angeles. She recently left Gibson, Dunn, & Crutcher LLP to join Sheppard, Mullin, Richter & Hampton LLP as Special Counsel.

**Kellie Stein (Hanscom), '95, Economics**, gave birth to twins this past September. Kellie and her husband, Craig, named the twins Brooke Lauren and Jack Ethan. Kellie has started her own company providing accounting and business management services to clients in the entertainment industry and is happily working from home while taking care of the babies.

**Hunter Stern, '94, Management Science**, works for Federated Department Stores and was recently hired as Chief Software Architect of e-commerce for Macys.com in San Francisco.

## Department News



*Devaney Kerr,  
Director of Student Services*

### Congratulations Devaney!

The Department of Economics is pleased to announce the promotion of Devaney Kerr to Director of Student Services. This is a new position in the department and was established to ensure the continued quality of student services as enrollment in the university and the major continues to grow. Devaney will oversee the operation of undergraduate and graduate student affairs. Her first objective as Director is to fill the two advising positions currently open in student services.

### A New UCSD Economics Fellow of the American Academy of Arts and Sciences

UCSD Economics Prof. Vincent Crawford has just been appointed to the American Academy of Arts and Sciences. Vince is well known for his work in game theory and bargaining. Membership in the academy is a high honor. Vince joins other UCSD Economics Academy members: Clive Granger, Robert Engle, Theodore Groves, Mark Machina, and Halbert White.

### Introducing Econ 1C!

The Economics Department proudly introduces a new lower division course, Economics 1C, as part of the Principles of Economics sequence (Economics 1A and 1B) required for the Department's Economics and Management Science majors. Economics 1C focuses on the standard analytical and mathematical tools of economic analysis that are used repeatedly in economics. Topics include graphical and mathematical representation of production and utility functions, formal representation of strategies, consumer surplus, discounting, index numbers, and interpretation of regression coefficients. The course was designed by the Department's Lower Division Undergraduate Curriculum Subcommittee: Mark Machina (Chair), Kate Antonovics, Valerie Ramey, and Joel Sobel. ECON 1C will be offered for the first time in Fall 2003.

### *Economics in Action*

University of California, San Diego  
Department of Economics

Editor: Professor Ross Starr

Production Coordinator: Dawn Murphy

Economics in Action is published twice annually by the Department of Economics, UCSD. To be added or deleted from our mailing list, send correspondence to:

Mail: Department of Economics, 0508  
University of California, San Diego  
9500 Gilman Drive  
La Jolla, Ca 92093-0508

Phone: (858) 534-3878  
Fax: (858) 534-7040

E-mail: [dmmurphy@ucsd.edu](mailto:dmmurphy@ucsd.edu)

Web Site: <http://econ.ucsd.edu>

NONPROFIT ORG.  
U.S. POSTAGE  
PAID  
SAN DIEGO, CA  
PERMIT NO. 1909

