



College of Letters & Science  
UNIVERSITY OF WISCONSIN-MADISON

# Economics matters



News for Alumni and Friends of the Economics Department

Fall 2019



*New student research  
explores competition and  
pricing in airline industry*

ECONOMICS DEPARTMENT ON THE WEB



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## ECONOMICS MATTERS

is the alumni newsletter of the  
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## Letter from the Chair



I am proud to share our department’s growth and accomplishments in another edition of *Economics Matters*. Wisconsin Economics continues to expand on multiple fronts.

This spring, we celebrated almost 300 graduates at our annual graduation ceremony. Our undergraduate office continues to serve an increasing number of students each semester, and the economics major remains one of the most popular on campus.

Our Master’s program has seen tremendous success as we welcomed more than twenty new students into a cohort this fall as a result of our Chinese partnerships. In this issue, you will read about our Master’s program partnerships that offer a dual-degree to students upon completion. Beyond these partnerships, the program is flourishing. In August, we met with over 100 new Master’s candidates at our new student orientation. We are proud to welcome these students to UW–Madison and have been hard at work developing new spaces within our beloved Social Sciences building to accommodate the rising numbers of new graduate students!

I am continually impressed by the research work our graduate students develop during their time in our department. On page 4 of this newsletter, you’ll read about competition in the airline industry—research completed by one of our recent alums, Dennis McWeeny. During his doctoral candidacy, Dennis received an outstanding Teaching Assistant Scholarship from the Juli Plant Grainger Institute. With this generous funding, we were able to award exceptional student achievements in economics throughout the academic year. I am extremely grateful for continued support from donors and alumni who make it possible to sponsor excellent student research.

Thank you for connecting with us! Your engagement and advocacy are an essential part of our success.

Please stay in touch with the department by following along on social media or visiting our website, [www.econ.wisc.edu](http://www.econ.wisc.edu).

On, Wisconsin!

Ananth Seshadri  
Chair, Department of Economics  
Todd E. and Elizabeth H. Warnock  
Distinguished Chair in Economics

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## From the Dean’s Desk



PAULUS MUSTERIS

Full semester is in full swing. Students are streaming up and down Bascom Hill. New buildings are going up—a new chemistry building is under construction and the new Hamel Music Center opens in mid-October. The college is growing and expanding, with fall enrollment, as well as faculty hiring, hitting record highs. In September we also launched the School of Computer, Data & Information Sciences (CDIS) as the fourth division within the College of Letters & Science. We expect it will elevate our teaching, research, and interdisciplinary synergy in areas where we have a long and proud history.

As I assume my role as interim dean of L&S, I am reminded of what drew me here in the first place: research excellence, the chance to teach and mentor great students, the lively interchange of ideas, and the opportunity to share research and knowledge for the betterment of

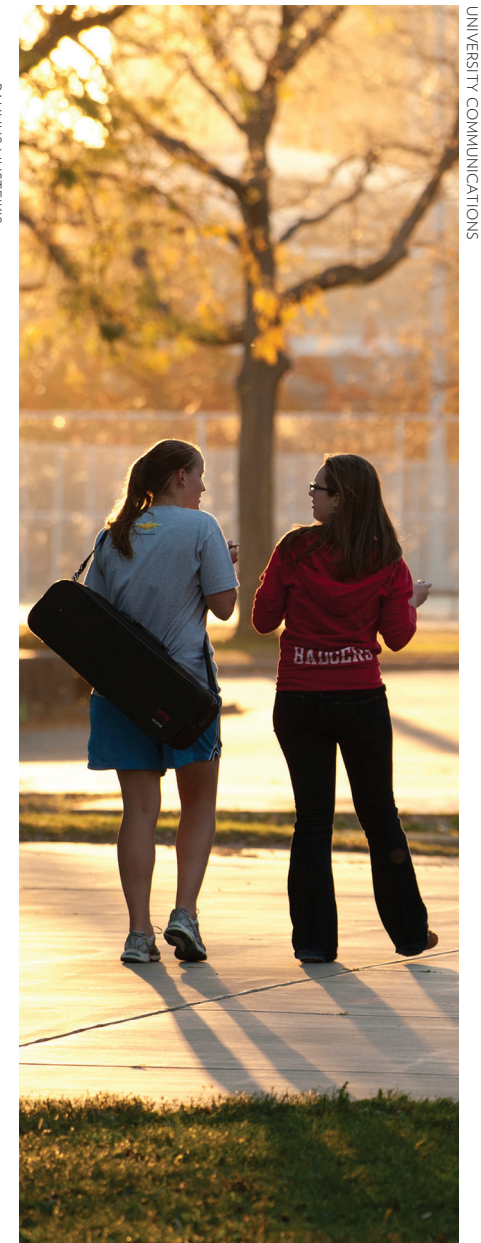
all. L&S is an exceptional place, and I intend to work hard this year to ensure that *all* L&S students, faculty and staff—including those from underrepresented communities and our first-generation students—have the resources they need to succeed.

I know you will join me in congratulating our new provost, former L&S dean, and Nellie June Gray Professor of Economics, Karl Scholz, on his new position, and in thanking him for his tremendous leadership that has transformed the College of Letters & Science in so many ways. We are positioned well for the future.

Thank you for all you do to help make L&S extraordinary.

On, Wisconsin!

Eric M. Wilcots  
Interim Dean, College of Letters & Science  
Mary C. Jacoby Professor of Astronomy



UNIVERSITY COMMUNICATIONS

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# Updates from the Undergraduate Advising Office



Economics student organization leaders meet with Chancellor Rebecca Blank and Department Chair Ananth Seshadri

The Department’s newly renovated Undergraduate Suite is now home to three academic advisors, including Jordan Richardson, who joined our staff in late spring of 2019. Jordan hails from Mississippi but fell in love with the UW–Madison campus and made the move north to join Wisconsin Economics. As one of our undergraduate advisors, Jordan began serving students and doing

outreach projects for the Department right away. He was excited to take the opportunity to speak to incoming students participating in the PEOPLE (Pre-College Enrichment Opportunity Program for Learning Excellence) Program. As the major continues to flourish, the Economics Department seeks new ways to reach students and help them apply economics skills as they move toward industry work.

In the spring of last year, the Department held its first annual Engage with Econ Event, a symposium with Chancellor Rebecca Blank. At the symposium, student leaders from seven of the Department’s student-run organizations highlighted their club’s mission and mingled with faculty and students looking to get involved on campus.

Chancellor Blank spoke to a packed lecture hall in Union South, discussing her economics training and the Wisconsin Idea. Blank told the students that she uses economics skills daily as she leads the campus toward innovative new strategies and projects. After presentations concluded, students visited with club leaders individually to learn more and join an economics student organization.

With everything from our student-created economics magazine, Equilibrium, to Women in Economics, there is something for everyone in our Department!

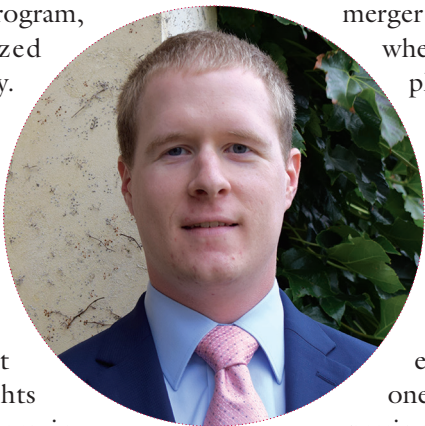
Jordan Richardson meets with members of the PEOPLE Program.



# New Research Illuminates Competition in Airline Industry

During his time in the Economics PhD program, alumnus Dennis McWeeny analyzed competition in the airline industry. Explaining the research, he says, “Many airline passengers consider taking flights that depart from airports in different cities, and sometimes travel large distances to board a flight with lower fares.” He explains that Madison residents may drive or take a bus to Chicago for a less expensive flight. Current economics literature assumes that flights departing from different nearby cities are in totally separate markets, not accounting for passengers who travel for cheaper fares. As a result, McWeeny finds that this assumption could understate the degree of competition between airlines.

“I found that consumers are willing to travel up to 69 miles to save \$100 on airfare. As a result of this willingness to travel, flights departing from nearby cities are in fact very close ‘substitutes,’ meaning that airlines face substantial competition from flights at these other airports.” McWeeny explains that this finding has important implications for



merger evaluation and antitrust enforcement, where the definition of geographic markets plays a crucial role.

While he was completing his degree and evaluating airline competition for his dissertation, Dennis also worked as a teaching assistant in the Economics Department. Supported by the Juli Plant Grainger Institute, Dennis was awarded an Outstanding TA scholarship in 2018. As evidence of his excellence in the classroom, one student raved, “Dennis is extremely passionate about economics and it shows when he teaches. He encouraged us to think about the material in really helpful ways.”

After establishing himself as a standout graduate student on the PhD job market this year, McWeeny recently began work as an economist at Bates White Consulting. He estimates damage caused by illegal price-fixing agreements as part of the Antitrust and Competition practice in Washington, DC. Applying the skills and research he completed during his PhD coursework, McWeeny predicts how prices might change after pending mergers in various industries.



Flying to Madison? According to McWeeny’s research, consumers will travel up to 69 miles in order to save \$100 on airfare.



## Master's Program Expands Reach through Global Partnerships

Over the course of the last year, the Department of Economics has worked to form partnerships with various universities in China. Some of these schools include Peking University, Shenzhen University, and Zhejiang University. These partnerships allow students to transfer credits and join our flourishing Master's Program. If a student successfully completes the coursework of the dual program, they will earn a degree from both their home university and UW–Madison. Students spend their first year of schooling at their home university, and then complete the 18-month program while at UW–Madison for their final fall semester.

*If a student successfully completes the coursework of the dual program, they will earn a degree from both their home university and UW–Madison.*

Our first cohort from Shenzhen University joined us on campus this fall. These 21 students transferred into our Master's Program, and are now completing courses taught by our own lecturers and faculty. More than 35 students from the same university will enter our program over the next few semesters. Each Chinese university we have partnered with continues to recruit excellent students for the program, so we are eager to welcome more and more students to Madison in the future.

To keep up with demand for our Master's Program, the Economics Career Development Office has been



Economics Chair Ananth Seshadri and Zhejiang University Professor Xiannoi Huang sign program agreement.

creating new ways to help international students find success in their job search once they return home to China. Last spring, one of our Economics Career Peer Advisors hosted a panel with Chinese employers to educate students on how to find jobs overseas. As our partnerships with Chinese universities continue to grow, the department will expand its efforts to aid these students in finding meaningful careers after they leave UW–Madison.



Last spring, the Department of Economics hosted scholars from Zhejiang University for a signing ceremony, launching the dual Master's Program between the two universities.



## Shine Restored to Iconic Mosaic in Social Sciences

Installed in 1963, “Man–Creator of Order and Disorder” has endured more than 50 years of wear, subject to knocks and bumps in the busy Social Sciences Building foyer that have caused fractures and surface damage. The art installation sits in the lobby of the Sewell Social Sciences Building, also home of Wisconsin Economics. You may recall passing by the mosaic on your way to an undergraduate lecture or PhD presentation during your time at UW–Madison.

This May, art conservator Cricket Harbeck spent hours restoring the piece, going so far as to use a toothbrush to knock

dirt out of the tiny crevices of the mosaic. The piece had been a reluctant second-hand smoker back in the days when smoking in buildings was the norm. “Sometimes I’ll hit a spot where it smells like I’m smoking,” Harbeck says. “That’s part of why it’s so difficult to clean. Nicotine is so tarry. It’s like a sticky trap for all the dirt.”

After weeks of scrubbing and cleaning, “Man–Creator of Order and Disorder” has been restored to its former glory. The foyer of Sewell now proudly displays the glistening piece—one of more than 100 three-dimensional sculptures on campus.



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## Department of Economics Goes Green

Even though Wisconsin Economics is Badger red through and through, the department has been a bit greener since becoming one of the first Certified Green Offices at UW–Madison. The Green Office Certification program helps departments at UW–Madison become more sustainable through a three-step certification process. The program was designed to give campus faculty and staff the information and tools they need to create more healthy and sustainable work environments.

The program, run by the UW–Madison Office of Sustainability, also hires student interns as “green ambassadors” to help campus departments make the transition to being more sustainable. Econ major and green ambassador Madison Clarke (BA Economics & Political Science, 2019) said, “It’s neat to see my own department be one of the first to go through the program and become certified.”

Staff from the Economics Department attended trainings and completed checklists at each step in the three-step certification process. The Bronze step covers Waste and Recycling Streams. Silver covers Energy and Water Savings and the Gold step covers Sustainable Purchasing. “We are known



**Economics staff members show their spirit after completing the sustainability certificate.**

for being a very forward-thinking department,” says Economics Department Manager, Tammy Herbst-Koel, “so it just made sense for us to be a part of this new green initiative.”