

# The Entrepreneur

Official Newsletter of The Colorado College Economics and Business Department

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Issue No. 7

COLORADO  
COLLEGE  
A UNIQUE INTELLECTUAL ADVENTURE

Fall 2010

## *Letter from the Chair*

Welcome to another edition of the Entrepreneur. It is truly a privilege to serve such great students and alongside such an extraordinary group of colleagues.

We are pleased to welcome Professor Maroula Khraiche a recent Ph.D. from the University of Connecticut. She is a Macroeconomist who hails from Beirut, Lebanon. When she is not teaching or simulating Macro models on her 8 core I-7 processor Maroula likes to cook and play tennis. Given that this is her first year on the block plan she has mainly been preparing for class. Professor Kristina Lybecker will be on a well earned junior sabbatical this Spring. Professors Stimpert, Kapuria-Foreman and Smith are back from sabbatical. Dan Johnson is the new Associate Chair of the department. You know it is Fall when Van shows up and teaches policy and strategy with Larry. Prof. de Araujo, continues to impress with his offerings in Macroeconomics and strengthen the soul with his offerings of Econometrics – a class that has become so popular that there is now a wait list. Judy Laux taught an FYE accounting class and a course titled The Economic Novel with the usual success that she enjoys in the classroom. Some of you may remember Alex Anna. She is filling in for our business faculty until we can hire a new tenure track professor in business. In short the department that you knew has become better and stronger in the classroom.

A brief note about service next. Professor Redmount has been chairing the college Faculty Executive Committee. That's the committee that makes all the big decisions including tenure and promotion for professors on campus. Dan Johnson is the chair of the compensation committee. He is also chairing an ad hoc committee that is investigating the future of the health center. Professor Kapuria-Foreman is serving on the Social Sciences Executive Committee. Professors Lybecker and de Araujo continue to serve on the Dean's Advisory Committee. Finally when your faculty are not teaching or serving the college they are publishing like crazy. You will be pleased to know that your department currently ranks third in the country in the Social Science Research Network rankings. Our students have a lot to do with this as they are our co-authors.

The department wouldn't be as great as it is if we didn't have such terrific partners in Nancy Heinecke, and Kathy Lindeman. Nancy Heinecke has been working very hard to fill the void left by Stormy and caused by the budget cuts to the academic program. We have also been very fortunate to have hired a highly capable Technical Statistical Research coordinator this year in Jeff Moore. Jeff does just about everything technical and the some. He has been offering workshops in Eviews, Stata and online thesis submission.

We welcome your submissions to *The Entrepreneur!* Please fill out the last page of this issue and send to the address listed, or send electronic submissions to: [Jeffrey.Moore@coloradocollege.edu](mailto:Jeffrey.Moore@coloradocollege.edu) Alums, we'd love to hear from you!  
Please send us your updated information so that we may better serve you. Thank you.

## *Letter from the Chair*

The Student Advisory Board, E-club and I-club are all doing well under the capable supervision of Profs. Johnson and de Araujo. The SAB networking event took place in Denver earlier this Fall and was quite well attended by students and alumni.

Many of you have designated that your financial gifts to the college be directed to the Department of Economics and Business. When you do this, your financial support comes directly to the department so it can be used to support the outstanding educational opportunities that are described in this newsletter. Thank you for this very tangible form of support. I urge you to donate whatever you can and whenever you can so that we can continue to maintain and enhance a great program for our students. Please do not forget to check the department website for job postings as we continue to post jobs at different levels of experience on that site.

*-Aju Fenn, Chair of the Economics and Business Department*

## **Study Abroad Spotlight: Laura Putnam**



**Laura and a Viking Ship!**

Laura is a Junior Math Econ Major here at Colorado College. She is currently studying abroad in Copenhagen, Denmark through the Danish Institute for study abroad (DIS).

Laura is studying Sustainable Development in Europe, focusing on Environmental issues and policymaking that is currently taking place around the EU and the world. The program she is in is the first offering of its kind to be made available to American students.



**Rappelling in Sweden**

## Mark Smith's "The Economics of Climate Change": Climate & Energy Policy in Colorado



Wheat farm in CO



Touring a mine in Colorado

For the past two years Schlessman funds have allowed Professor Mark Smith to take his environmental economics class to Washington, D.C. to study climate policy at the national level. These were tremendous experiences for both student and teacher. But things often look different on the ground, for those people in government and industry who are responsible for making such policy work. This year, he wanted the students to meet with these people. Fortunately, Colorado is a great place to do this. Not only are we home to two major national laboratories for climate change and renewable energy, the National Center for Atmospheric Research (NCAR in Boulder) and the National Center for Renewable Energy (NREL in Golden), but there are also innovative technology firms and entrepreneurs working on developing new energy sources and improving efficiency.

The field trip week *plus* (*plus* as we had several speakers and a field trip to the Holcim cement plant the previous week) was centered on four major themes. First, the production of greenhouse gases (GHG) in energy production, agriculture and industrial processes. Second, the developments of GHG control policy at the state level and government activities to promote renewable energy. Third, the role of forestry and agriculture as sinks for CO<sub>2</sub> from the atmosphere. Four, how climate change will affect water supply in Colorado and other western states. This year's class was curious and engaged. The speakers, ranging from the Vice President for Environmental Affairs at Xcel Energy in Denver, to a dry-land wheat farmer on the eastern plains were fabulous. We discussed wind energy with government officials who make policy to the guy who must change the huge gearbox on a wind turbine when it fails.

## The Economics of Climate Change *cont.*

There were some great lessons for the students that extended well beyond the economics of climate change. In particular: You can't beat relative prices – if there is a cheaper production input, people are going to use it. Colorado may be “the Saudi Arabia of dead trees,” but you can't sell wood pellets at the current price of natural gas. Government policy can both make and break markets. Investor-owned utilities and public utilities in Colorado face very different regulatory environments. However, both want clear, consistent policy to allow long-term planning. There is *always* an opportunity cost.

The last is trite and obvious, but like most trite and obvious statements in life, people must often experience it for themselves to get them to believe it. The students came back from the field optimistic, but also far more realistic, thanks to the support of Schlessman.

Note: Some of my students from the old days will be happy to know that we were back camping, again. It was windy, it was cold, it was even snowing - just like you remember it.

~Mark Smith, *Professor, Economics and Business Department*



Eating after a long day of field trips



Wind farm

## Innovation at Work: Dan Johnson's *The Economics of Innovation*

Last fall, CC students were given the opportunity to study innovation in Professor Dan Johnson's *Economics of Innovation Class*.

The EC365 Economics of Innovation class spends two weeks in the classroom, reading professional and academic literature, and discussing the implications of economic theory for current events. Each student is assigned a cross-cutting research question, one that requires the class readings, answers from practitioners in the field, and original thought. Then the class takes to the field, spending the third week in Boston. We meet with patent attorneys and technology transfer officers, with venture capital firms, with start-up entrepreneurs and representatives from dedicated big research firms. We have lectures at Harvard Business School and at MIT, and have walking historical tours of the city with lectures by the class professor. Throughout it all, students are in business attire, meeting alumni and prospective employers at breakfast, lunch and dinner. Upon return to campus, everyone is tired, but within twenty-four hours of our return each student is giving a polished presentation on their assigned research question. The entire campus community, along with a panel of off-campus community, is invited to attend and to evaluate. A written version of that research report is submitted a day later. From reading to writing, from individual oral presentation to business travel as a group, the class builds its knowledge out of an unforgettable experience together



~Dan Johnson, Associate Chair  
Economics and Business Department

## Some Picture Highlights from *The Economics of Innovation*



## Investing for the Future

As the 2010-2011 school year is in full swing, so is the Investment Club with new projects and new members. The club hosted several fascinating speakers throughout the first few blocks. Michael Thomsic is a CC graduate now working for St. Charles Capital. Mr. Thomsic discussed his career in Investment Banking, but also focused on the role a CC education plays in enhancing a financial career. During third block, we heard from Bill Miller. Mr. Miller lives in Colorado Springs, and is the Managing Partner of PV Strategies, LLC, and open-ended hedge fund. After learning about his fascinating career that includes technology and entrepreneurial ventures, we learned how Mr. Miller got into his current role as a hedge fund manager. In addition to gaining excellent career advice, club members had the opportunity to learn about sophisticated investing and research tools from a person who uses them every day. Alumni who are interested in speaking to the club on any investing or finance related topic are encouraged to contact the department or club officers.



Aside from speakers, our club is learning every day from our live portfolio, representing around \$50,000. Don't hesitate to ask if you'd like to learn more about our portfolio. Our holdings were broken up, and various club members serve as the expert on each of our holdings. These members report back to the club, and help the club understand how we should approach certain aspects of our portfolio. Our goal is to begin analyzing new securities, and make club-wide decisions as to what new holdings the club should invest in.

We are also excited to be involved with an initiative from the Campus Sustainability Council. This council is heading a \$10,000 fund to invest CC's endowment in "green" securities. Several members of the Investment Club are getting involved, offering their experience with analyzing and choosing securities. The fund will consist of mostly Mutual Funds, but provides an enormous learning opportunity within the important trend of socially responsible investing.

Investment Club continues to provide an excellent format for learning about investing in the stock market, and also understanding potential careers in investment related industries. We have to continue our trend of great speakers and even greater learning opportunities.

Best regards,  
~Max Hillman (President) Kyle Wildnauer-Haigney (Vice-President)  
Jennie Light (Secretary) and Daniel Ward (Education Chair)  
[Max.Hillman@coloradocollege.edu](mailto:Max.Hillman@coloradocollege.edu)

## Economics & Business Student Advisory Board

The Economics & Business Student Advisory Board is halfway through the fall semester and has many projects currently underway for the year. The mission of the Student Advisory Board is to further the liberal arts education at Colorado College, by promoting opportunities for students to engage in economics and business-related issues outside of the classroom. The Student Advisory Board's primary task is to plan social and academic events that further a sense of community among the department and students. In addition, it seeks to act as a sounding board for student opinions and interests in order to provide student input and ideas to the Economics and Business department faculty.

While the Student Advisory Board aims to accomplish several different objectives over the course of the school year, its primary goals for this year are to host a variety of speakers, reach out to other departments by publicizing speakers and events with a broad appeal, broaden networking events with representatives from other career fields, utilize more local speakers, and network internally with other groups across campus for charity work.

Two new co-chairs were elected for the 2010-2011 school year, Rakhi Voria and Riley Wyman. Voria is a senior majoring in International Political Economy. Wyman is also a senior, majoring in Economics.

The Student Advisory Board has already hosted a variety of speakers this year. Additionally, this past week, the Student Advisory Board hosted its annual networking event for students and alums in downtown Denver. The event was well attended and alumnus Bob Manning gave a brief speech on the importance of utilizing all that the Economics & Business Department has to offer and staying connected to the college upon graduation.

Next semester, the Student Advisory Board plans to engage in several community service projects and host its annual symposium.

The Schlessman Fund is an endowment to the Economics and Business Department from the Schlessman Family Foundation to support activities related to the study of business. Everything that the Student Advisory Board does is supported by this fund.

We look forward to another great year!

~ Rakhi Voria, IPE Major, Class of 2011



**The New Co-Chairs**



## Alpha Kappa Psi, Business Fraternity, Continues to Grow

The Colorado College chapter of Alpha Kappa Psi, the oldest and largest professional business fraternity, was started on campus last semester by Rakhi Voria. In March of 2010, CC students gathered for the colonization ceremony of CC's only co-ed fraternity.

This year, the group has almost doubled due to the efforts of founding members Alex Ammons, Katherine Kelley, Laura Martin, and Rakhi Voria. Current members say the fraternity is a great way to make friends, network, and develop the "soft skills" needed for business that cannot be learned in the classroom. The group is open to college students of all majors and membership is lifetime.

The founding members of the organization say they have been learning some basic business skills by starting an organization on campus. Students have been working with the national headquarters in order to grow the group on campus through marketing, management, organization, and strategy, similar to running a small business.

The fraternity calls itself a "career crystallizer" because of the benefits of its alumni association. Young Alpha Kappa Psi graduates can use their connections in the wider fraternity brotherhood to network with older, more experienced members to attain jobs and advice. Leadership in the fraternity also gives students a chance to boost their resumes while learning crucial management skills.

Alpha Kappa Psi hopes to recruit more members over the course of the year and plans to hold resume-building workshops, tour companies, host etiquette dinners, and provide practice interviews to the wider campus community. The group will also hold social events. After holding these events, Alpha Kappa Psi will be able to submit its petition to the national headquarters to gain chartership by the end of the school year.

~ Rakhi Voria, IPE Major, Class of 2011



### CC Economics Department Continues Outstanding Record as a Research Institution

It's pretty easy to point out what makes CC a great institution: the block plan is truly unique, our faculty are dedicated and knowledgeable, and our students are top-notch. Based on all this, it should be no surprise that our institution excels in research.

CC is currently ranked 175<sup>th</sup> in the world for research downloads. To put that in perspective, we are right behind Johns Hopkins University and London University and right ahead of Penn State. Not bad company if I do say so myself! On top of this, we are ranked in the top 5 for small Liberal Arts Schools. CC currently has over 45 working papers. Not only is THAT an astounding number, but what is truly amazing is that many of them have student authors, not just editors, *authors*.

Below is a selection of our newest working papers that have been presented by the department. The full list and links to all working papers can be found at: <http://www.coloradocollege.edu/dept/EC/papers.asp>

#### Executive Pay Inefficiencies in the Financial Sector

Hayley Barton, Class of 2010  
Judy Laux, Professor, Colorado College

**Abstract:**

This study considers the implications of excessive non-salary-based executive pay on capital structure during the years 2005 through 2007, directly preceding the 2008 stock market crash. The hypothesis proposes that for firms in the financial sector, executives awarded generous compensation packages compared to salary implemented a higher use of debt in their firm's capital structure. The study examines data on 40 firms in the financial sector and 40 firms in the manufacturing sector to empirically test for a relationship between executive pay and leverage. Cross-sectional analysis of nine models reveals that compensation is a significant determinant of a firm's total debt-to-total assets ratio for the financial sector, especially with the existence of a one- to two- year lag between the variables, while the manufacturing sector yielded no significant relationship. These findings reveal sources of agency conflicts and behavioral biases within the financial sector during the three years preceding the financial collapse.

## Research cont.

### Does HIV/AIDS Related Knowledge Affect Men's Decision to Have Sexual Encounters with Commercial Sex Workers? Evidence from Sub-Saharan Africa

Smriti Agarwal, Class of 2010

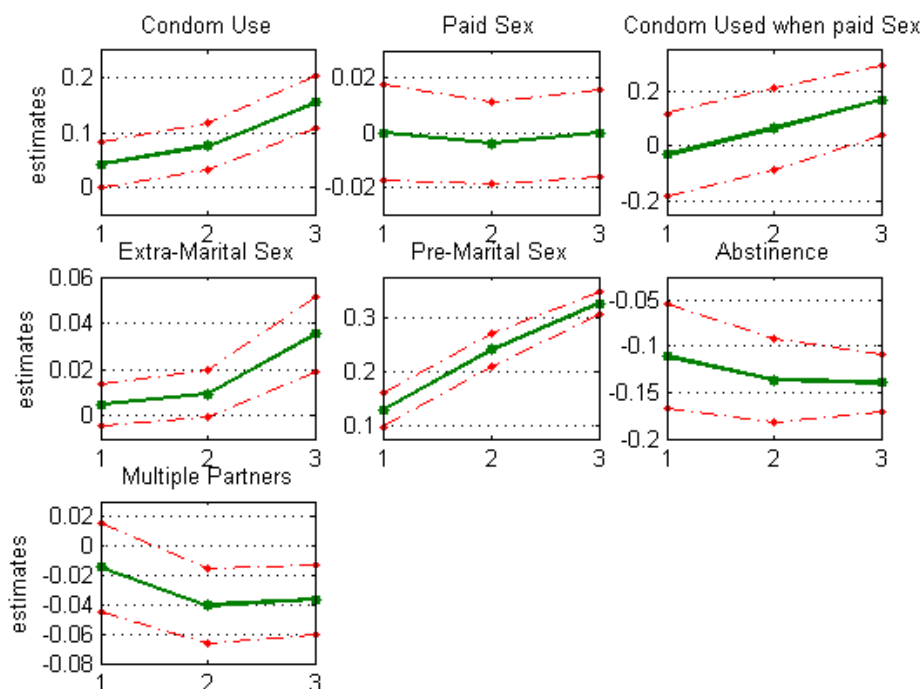
Pedro de Araujo, Professor, Colorado College

Jayash Paudel, Class of 2010

#### Abstract:

Using representative samples from populations of 19 sub-Sahara African countries, this paper investigates the effects of different levels of HIV/AIDS knowledge on sexual behavior of males with country specific effects and controls for socioeconomic characteristics and location of residence. The main findings are that HIV/AIDS knowledge increases the likelihood of using condoms with and without commercial sex workers, has no significant effect on the likelihood of paying for sex, and increases both the likelihood of having sex pre and extra marital sex. These results indicate that increased HIV knowledge on average does not lead to safer sexual behavior of males in sub-Saharan Africa at the macro level.

Association between HIV/AIDS Knowledge Quality and Sexual Behavior (marginal effects with 95% confidence interval)



### **Research cont.**

#### **Fruits of Their Neighbors: The Role of Geography in Agricultural Innovation**

Alex Stiller-Shulman, Class of 2010

Kristina M. Lybecker, Professor, Colorado College

Daniel K. N. Johnson, Professor, Colorado College

**Abstract:**

Closely following the notion of innovative geographic clusters, this paper examines knowledge flows in the US agriculture industry for evidence of innovative agglomeration. The data indicate that a closer distance between any two agricultural patent origins increases the probability that one cites the other as prior art. Further, subtle inter-regional variations characterize the degree to which proximity advances agricultural innovation. Finally, the results show that older innovations in agriculture proliferate more readily than recently created knowledge.

#### **Trends in Stadium and Arena Construction, 1995-2015**

Mayya Komisarchik, Class of 2007

Aju Fenn, Professor, Colorado College

**Abstract:**

A total of 56 stadiums and arenas opened between 1995 and 2009 including: 17 new baseball stadiums, four basketball arenas, nine hockey arenas, seven dual use NBA/NHL venues and 19 football fields. And it's far from over: the San Francisco 49ers, San Diego Chargers, New York Giants, New York Jets, Minnesota Vikings, Oakland Athletics, Florida Marlins, Tampa Bay Rays, Minnesota Twins, Sacramento Kings, Orlando Magic, New Jersey Nets, New York Islanders and Pittsburgh Penguins anticipate new arenas by 2015. This paper summarizes recent and emerging trends associated with the capacity, cost, public subsidy and accompanying legislative characteristics of stadium and arena construction.

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# The Final Pages

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## Oh How We've Grown!

Total Majors By Category



The CC Economics department has grown steadily over the past 5 years, now boasting a projected 235 associated majors for 2010, which makes us the largest department at CC (The Economics Major alone is the second largest major at CC). We are offering 58 courses of Economics this year, averaging just over 7 per block. We can also say that during pre-registration, students bid more points on Econ classes than any other classes.

Looking for a job? Head to our website and look under “Jobs and opportunities”. We post job opportunities as soon as we receive them. Many of the companies are looking for more than just entry level positions to fill, so you should feel free to check it out, no matter where you are in life!  
<http://www.coloradocollege.edu/dept/EC/studjobs.asp>

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*If you are unsure that we have your current contact details, please update us by sending an email [djohnson@coloradocollege.edu](mailto:djohnson@coloradocollege.edu) or [Jeffrey.Moore@coloradocollege.edu](mailto:Jeffrey.Moore@coloradocollege.edu)  
**We'd love to visit you when we're nearby!***

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# The Final Pages

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## Upcoming Events in the Department

New This year, The Economics and Business Department Seminar Series

### December 16

4pm - Palmer 121

James West

Air Force Academy

“Beware of Economists Bearing Reduced Forms? An Experiment in How Not to Improve Student Outcomes”

### February 3

4pm - Palmer 121

Keith Maskus

University of Colorado

“Patent Reforms and Export Specialization”

### March 15

4pm - Palmer 121

James Murray

University of Wisconsin- La Crosse

“Learning and Judgment Shocks in U.S. Business Cycles”

### April 8

4pm - Palmer 121

David Popp

Syracuse University

“Where Does Energy R&D Come From? Examining Crowding Out From Environmentally-Friendly R&D”

For more information, see <http://www.coloradocollege.edu/dept/EC/Seminarseries2010.asp>

Check out the tomato Nancy  
grew this summer!!



## Entrepreneur Submissions

We welcome your submissions to *The Entrepreneur*. Please fill out this page and return so that we may better meet your needs in the future. Feel free to tell us about yourself, your family, your latest events in life – or some good ol' stories from your alma mater. Please share some photos as well.

Name:

Mailing Address Line 1:

Mailing Address Line 2:

Email Address:

Phone #:

Company:

Company Address:

Suggestions, comments, requests and your stories to publish in the next edition go here:

Please fill out and return to:

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Department of Economics and Business  
Attn: The Entrepreneur  
14 East Cache La Poudre Street  
Colorado Springs, CO 80903

Or, send it electronically to:

chesca.desmarais@coloradocollege.edu

Or, fax to:

(719) – 389 – 6927

***Thank you!!! -- The Entrepreneur***

Look for the sixth edition of *The Entrepreneur* in the spring of 2010! If there is something you feel should be added to the next issue, please email your comments, suggestions and questions to [Jeffrey.Moore@ColoradoCollege.edu](mailto:Jeffrey.Moore@ColoradoCollege.edu). Also, please visit our website that is updated daily at <http://www.coloradocollege.edu/dept/EC/> to find out about our students, faculty, staff, curriculum, current research, events and contact information. Thank you!

*Colorado College Economics and Business Department, 14 E. Cache La Poudre St., Colorado Springs, CO 80903*