

# **NABE News: December 2006**

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# March Conference Will Probe Role of Economics In Post-Midterm Election Policy Environment

With the political majority shifting to the Democratic side of the aisle in the new Congress, it's time for a fresh look at how economics will play a critical role in bringing about effective policy changes. That's the theme of NABE's 2007 March Policy Conference – in its 23rd year.

Mark your calendars for March 12-13 and make reservations at the Marriott Crystal City at Reagan National Airport, just outside of Washington, D.C.

Will the White House and Congress get serious about Social Security and other entitlement reform? Treasury Secretary Henry Paulson (invited) raised the private savings accounts issue soon after the November elections and indicated a willingness to negotiate with leaders on Capitol Hill. What about Sarbanes-Oxley reforms and health care policy changes? Monetary policy options in the slower economic growth environment will be addressed by leading thinkers inside and outside the Fed.

“It's the interaction between economics and policymaking that we want to get at in this Policy Conference,” not the partisan rhetoric, said John Silvia, chair of the NABE committee organizing the conference, and chief economist, Wachovia Bank. “It's important to find out what we can learn from the past and how economics can make a difference in the most important policy debates.”

Hear from Bush administration officials and the most influential private sector policy analysts – those who will fashion the strategy for moving forward in 2007 on long-stalled reforms and initiatives. Confirmed speakers include Council of Economic Advisers Chairman Edward Lazear, Securities and Exchange Commissioner Paul Atkins, director designate of the Congressional Budget Office Peter Orszag, former Congressional Budget Office Director Douglas Holtz-Eakin, and Evercore Partners Co-Founder and former Deputy Secretary of the Treasury Roger Altman.

Choose among nine general sessions and 12 educational sessions on topics that include:

- \* Congressional and White House policy agendas
- \* Energy markets and biofuels
- \* Monetary policy: targets, indicators, and methods
- \* Medicaid reform options
- \* Global landscape and exchange rates
- \* Economic modeling and output usage
- \* Global competition and Sarbanes-Oxley update
- \* Tax policy options—increases, cuts, or major reform?

Highlighting one of the international sessions, Charles Steindel, a member of the conference organizing committee and senior vice president, Federal Reserve Bank of New York, described

the panel that will focus on the market-based reforms in Japan and Germany. “We sometimes forget that they are the second and third biggest industrial economies. The reform process in both countries has been prolonged, and the outcomes will be important for growth in Europe and other regions of the world.” Speakers confirmed for this session are: Adam Posen, Peterson Institute for International Economics; Alfred Steinherr, German Institute for Economic Research, and Jun Kurihara, Kennedy School, Harvard University.

Implications of the housing slump and related mortgage and finance issues provide the backdrop for a session on alternative mortgage products. Richard Brown, NABE’s newest board member who also serves on the conference organizing committee, said the speakers will be Doug Duncan, Mortgage Bankers Association of America, and Dean Baker, Center for Economic Policy and Research. Brown is chief economist, Federal Deposit Insurance Corp. Other members of the Policy Conference organizing committee are: Kathleen Camilli, president of Camilli Economics; and Richard Wobbekind, associate dean, University of Colorado at Boulder.

Conference attendees are invited to a special reception on Monday night at the newly opened, splendid Embassy of Sweden on the Potomac River in Georgetown. Completed in October 2006, the embassy is modern in its design and provides a distinctively Scandinavian touch to this historic area.

Register by Feb. 15 and save \$50 on registration fees. For hotel reservations contact the Marriott Crystal City directly at 1-800-228-9290 or 703-413-3500. Mention the NABE conference for the discounted rate of \$209 single or double. Make hotel reservations by Feb. 15 for the discounted rate.

Program updates for the conference can be found at: <http://www.nabe.com/pc07/>

### **Call to Jazz Musicians!**

Jazz musicians, bring your axe, horn, voice, or whatever to the Policy Conference for our second annual jam session set for the evening welcome reception on Sunday, March 11. Enthusiasm is more important than proficiency. If you sound like Stan Getz or Diana Krall, that’s cool; if you play outside – either on purpose or by accident – that’s cool, too. Our focus will be on relatively simple tunes – a mix of standards, blues, bossas and bebop tunes – in order to maximize participation. Head charts in C, B-flat, and E-flat will be provided. Also, the room will have a piano, drum set, stands and amps. We need to know how many will show up and what instruments, so please contact Bob Crow at (650) 343-7615 or [rtcrow@comcast.net](mailto:rtcrow@comcast.net) to let him know if you will participate and to offer comments and suggestions. Drop your inhibitions, bring your instrument, and be there!

# **PDS To Focus on Using Statistics to Understand Business Cycles**

PDS Responding to requests from members, NABE has designed its 2007 Professional Development Seminar as a short, cost-effective program to explain economic statistics in the context of the broader economy. For the first time, the PDS will be held on the West Coast, reflecting NABE's geographically widespread membership.

Mark your calendar for the fourth annual PDS set for April 22-24 in San Diego. The title of the 2007 seminar is: "Using Economic Statistics to Understand Business Cycles." The preliminary schedule is posted at: [www.nabe.com/stats2007](http://www.nabe.com/stats2007), where you can check for the latest information as the seminar date draws near.

The seminar will be held at the San Diego Marriott La Jolla, located at 4240 La Jolla Village Drive, near the University of California at San Diego and 25 minutes from downtown San Diego.

In keeping with the seminar's popular format, the 2007 PDS will match economists and analysts from data-producing agencies to their subject areas, thus giving participants a close look at how data series are produced and how they can best be used to track economic trends. Drawing upon comments offered by prior PDS attendees, the NABE committee has emphasized "the best of earlier programs: the informal, collegial setting with data experts spending extended time with students, and the focus on interchange between students and data producers and expert data users during each session."

## **First Session Poses Key Question to NBER**

The first session of the seminar will provide an overview of the business cycle dating process of the National Bureau for Economic Research, the organization that traditionally has been the arbiter of U.S. business cycles. Among the key questions for NBER: Why two consecutive quarters of negative gross domestic product do not constitute a recession?

Other sessions on the first full day will include: understanding the gross domestic product accounts and case studies on how GDP data are used, personal income, payroll employment, corporate profits, and the producer price index. On the second day, sessions will address: manufacturers' and retail sales volume, how to build you own cycle indicator, housing statistics, and regional data.

Optional skills sessions, offered the afternoon of April 22, will include: Maurine Haver, chair of NABE's Statistics Committee and Haver Analytics, on federal agency and industry economic statistics; Duncan Meldrum, Air Products, on price index construction and issues; and Tom Davis, Motorola, on business cycle measurement.

Other confirmed speakers include: Greg Miller, Sun Trust; Michael Chriszt, Federal Reserve Bank of Atlanta; Shelly Smith, Bureau of Economic Analysis; Robert Fry, Dupont; Joe Cardinale, Air Products; Andrew Hodge, Bureau of Economic Analysis; John Silvia, Wachovia Bank; Evelina Tainer, Washington State Employment Security Department; Kurt Karl, Swiss Re; and Peter Jaquette, Weyerhaeuser.

Register for the seminar by March 15 and save \$50. See more details and the registration form at <http://www.nabe.com/stats2007/>

## **Census Director Kincannon Tells of Budget Crunch Challenges**

When Census Bureau Director C. Louis Kincannon sent his letter of resignation to President Bush in November, he said that after more than 40 years of public service and four years as director, “shifting priorities make it time for me to retire.” He agreed to stay on until the confirmation of a successor, yet to be nominated.

President Bush nominated Kincannon as Census director in August 2001 and the Senate confirmed his appointment in March 2002. He served as deputy director of Census from 1982 through 1992, a decade in which he served as acting director twice. In October 1992, he left Census to serve as the first chief statistician of the Organization for Economic Cooperation and Development in Paris. In 1975, he joined the staff of the Office of Management and Budget, where he worked on statistical and regulatory policy. He has received several awards recognizing his public service, including the Presidential Rank Award for Meritorious Service and the Department of Commerce Gold Medal.

Kincannon Born in Waco, Texas, in 1940, Kincannon attended the University of Texas at Austin and did post-graduate work at the George Washington University, Georgetown University, and the University of Maryland. He began his career as a statistician at the Census Bureau in 1963.

Under Kincannon’s tenure as director, Census has made what data users consider significant progress in conducting the decennial census and related programs, in particular the American Community Survey that will allow the use of only the Census Short Form in the 2010 population count for the first time. With the focus on the seven constitutionally mandated questions, the next decennial census “will save enough money to reduce the life cycle cost of the census below old methods,” he wrote in his letter to the president.

However, the bottom line of funding for the 2010 census remains unresolved as the lame-duck Congress rolled most of the federal government’s spending bills into a huge fiscal 2007 continuing resolution (CR) that runs through Feb. 15, 2007. The CR funds federal agencies at last year’s (fiscal 2006) levels. Leaders of the new Congress have indicated that the House and Senate could extend funding in the CR through the entire fiscal year that ends on Sept. 30, 2007. If that

happens, the Census Bureau's plans to accelerate testing and other planning for the 2010 count could be in jeopardy.

Kincannon expressed his concern about prospects for such an appropriations outcome, as well as other budget challenges over his tenure. In early December, he responded to questions from NABE News. Here is the exchange, conducted through e-mails:

Q. If the continuing resolution that was recently extended through Feb. 15, 2007, is extended through all of fiscal 2007, what would be the effect on Census Bureau programs?

A. The continuing resolution passed by Congress on Dec. 8 funds the Census Bureau at the fiscal 2006 level until Feb. 15, 2007. If the new Congress passes a CR effective after Feb. 15 through the end of the fiscal 2007 with no anomalies in spending for the Census Bureau, the plans we have for the 2010 Census and other decennial programs would need to undergo major alteration. We would make final decisions based on congressional action in February.

The President has requested \$878.2 million for FY 2007. The House mark is \$825.9 million, a reduction of \$52.3 million. The House cut \$4 million from the request for Current Economic Statistics while at the same time adding \$10 million for Current Demographic Statistics specifically for continuation of the Survey of Income and Program Participation. Also cut was \$53.3 million from the Decennial Census Program.

The Senate mark was \$828.2 million, \$50 million below the Presidents' FY 2007 request. The Senate Appropriations Committee mark reduced \$50 million from the Census Bureau's Periodic Censuses and Programs appropriation. However, the Senate mark provides flexibility to the Census Bureau in allocating funding, although it has not yet been considered by the full Senate.

Q. What are your major concerns about funding for the 2010 census and other high profile programs?

A. The House Appropriations bill and its instructions regarding where the cuts are to be taken will make it impossible for the Census Bureau to implement substantial automation improvements planned for the 2010 Census. Specifically, it would force the Census Bureau to drop planned efforts to use Hand-Held Computers (HHCs) to collect data during 2010 Census non-response follow-up operations and revert to paper operations. The Census Bureau estimates that the loss of the use of HHCs will add at least \$1.3 billion to the life cycle cost of the 2010 Census.

In addition to the loss of the use of HHCs, the House mark would result in reduction of the funds available for the American Community Survey (ACS) and several economic statistics programs.

Q. In the current tight budget environment, it appears to be harder for federal data agencies to continue with research, data improvements and data initiatives. Is that the case? If so, what are the long-term consequences?

Absolutely. Our current tight budget climate is certainly worrisome and that long-term failure to

invest in research, data improvements and data initiatives is very harmful for any organization including the federal statistical system. Fortunately, in recent years the Census Bureau with the help of the Congress and with consistent support from the administration has been provided the funds needed to vigorously research alternatives related to the conduct of the 2010 census.

We have been able to develop and field the American Community Survey as a replacement for the Census Long Form. This allows data to be provided for small geographic areas on an annual basis rather than once every 10 years. We have also been able to research and test the use of hand-held computers for use in collecting data from individuals that did not respond to our mail-out request. The expanded use of automation combined with vigorously conducted research on many other Census methods have allowed the Census Bureau to be in excellent position to conduct the 2010 census with improved quality and relevance, reduced risk, and at a cost that is lower than the projected cost of repeating the census 2000 design. This example of using scarce resources to focus research and innovation on critical projects shows that even in difficult budgetary times progress can be made if we all work together.

Q. How have the challenges of serving as Census Bureau Director changed since you began your tenure in 2002?

A. The main change from the 1980s is increased partisanship in Washington. This makes it hard for Congress to reach decisions on funding. That in turn hampers science agencies, including the federal statistical agencies, from following long-term planning, e.g., to improve statistics and cover new areas of economic activity.

Q. You have served on the NABE Statistics Committee and often consulted with members about data programs and changes. How has that process worked from your point of view? Is there any advice you would offer to NABE members about communicating with Census about their concerns?

A. The NABE Statistics Committee is invaluable as a sounding board about our plans, whether for priorities in new work or in trimming back existing work. Interactions with individual NABE members is often helpful to us in understanding how we can do a better job of meeting the needs of data users.

Q. Why did you decide to resign as Director at this time?

A. As I told the President in my letter of resignation: "Many letters of resignation cite the need to spend more time with one's family. Perhaps we should not always regard such claims as cynically as Washington tends to. In my case, changing family responsibilities require a change in my priorities, if I am not to be derelict. Family must come first, and [former Commerce Secretary] Don Evans set the example I want to follow."

Q. What are your plans after you leave the Census Bureau?

A. I plan to travel with my wife, spend more time with out-of-town grandchildren, and perhaps to

work in a part-time capacity if something interesting presents itself. Read more, enjoy the various museums of Washington, tend my garden.

## **BEA, BLS Face Possible Cuts in Major Programs**

Because Congress postponed final action on most fiscal 2007 appropriations bills, the three major federal statistical agencies face possible funding reductions that would affect key economic data programs. Late Dec. 8 in its lame-duck session, Congress approved a continuing resolution (CR) that runs through Feb. 15, 2007, a deadline that will require either passage of individual appropriations bills or another CR that could extend through the entire fiscal year, which ends on Sept. 30, 2007.

Both the Bureau of Economic Analysis and the Census Bureau are included in the appropriations bill that covers the Department of Commerce. The Bureau of Labor Statistics is included in the bill that covers the Department of Labor. [See an interview with outgoing Census Director C. Louis Kincannon in this issue for the latest information on the Census budget.]

### **BEA Cuts Might Affect Multinational, Off-Shoring Data**

When President Bush presented his FY 2007 budget request to Congress in February, it included \$76.5 million for BEA to produce its economic accounts statistics. The House acted in mid-summer with a slightly lower recommendation and the Senate Committee on Appropriations matched the president's request. However, the appropriations process in the Congress stalled and the appropriations bill that funds BEA has not yet been completed.

Under the continuing resolution, BEA is funded at the amount recommended by the House or the Senate, or at the level set for the previous fiscal year, 2006--whichever is the lowest. Given the uncertainty over Congressional action next year, BEA officials said there are a number of possible scenarios on how the FY 2007 funding request will be completed; all of which include reductions to BEA programs. To address program cuts due to budget shortfalls, BEA has established three criteria to set spending priorities. The highest priority programs at BEA are: (1) estimates that feed into the gross domestic product and other core accounts, (2) estimates required by law, and (3) estimates used to implement federal programs. Under the House mark, BEA would have to absorb \$2.5 million in FY 2007 that would require taking the following actions:

- \* Reducing the frequency and detail of data on the operations of multinational companies. These data are used to understand off-shore outsourcing.

- \* Deferring implementation of various recommendations to improve economic estimates made in reports on off shoring and on using tax data in the economic accounts.

BEA officials said that if a full-year CR were enacted, it would require additional reductions. These cuts would most likely come from reductions in the detail and frequency of BEA's regional data, particularly the metropolitan area and county personal income and details in the GDP by

state estimates. BEA officials said the agency continues to work hard to produce the most accurate, timely, and relevant statistics under a very tight fiscal environment and an uncertain budget future. BEA looks forward to continuing to work closely with NABE and other users to help prioritize its work in order to produce the information needed for important economic decisions, officials said.

### BLS Funding Reductions Could Impact CPI Updating

Under the continuing resolution that runs through Feb. 15, the Bureau of Labor Statistics is funded at last year's levels, resulting in putting some program updates on hold.

“Undoubtedly, a year-long CR would significantly impact core BLS programs as well as delay the 2007 initiative to implement a more representative and current sample of geographic areas and a continuously updated housing sample in the consumer price index,” said Emily Barrington, BLS deputy associate commissioner for administration.

In their markups of the FY 2007 Labor-HHS-Education appropriations bill, the House and Senate Appropriations Committees were supportive of the BLS request for \$563.3 million, which includes \$8.0 million to introduce continuous updating of the housing and geographic area samples used in the CPI, Barrington said. “This important initiative will continue the conversion to updating the CPI on a continuous basis and will improve the timeliness and the accuracy of the CPI,” she said.

The House committee markup also includes \$2.0 million above the request level to expand the American Time Use Survey (ATUS). The increase will support a biennial module on rotating topics, with a food use module conducted every fourth year, as well as improve the response rates and support research on non-response bias. The Senate markup did not contain funding for this expansion.

## **Cardinale Finds Return to Economics An Energizing Career Move**

After a decade working in the company's finance division, Joe Cardinale returned to his economic roots, a career move that he has found invigorating in the challenges it has offered him over the last four years. Since 2002, he has served as senior economist for Air Products, the international company based in Lehigh Valley, Pa.

Cardinale said that one of the most enjoyable aspects of his job is working with people throughout the company, which operates in more than 30 countries and employs more than 20,000 workers. “In the last month alone, I have helped set the economic framework for capital investments in three different countries,” he said in a recent interview. For example, he worked with other Air Product employees to analyze prices of commodities such as nickel and copper for engineering and design teams.

Cardinale “I have worked with many of our sales representatives and revenue accountants in support of long-term contractual pricing, where we utilize government indexes to minimize the impact of cost inflation. And I have had the privilege of working with several of our customers in that regard as well,” he said.

“Ignoring the specific tasks and the roles of the individuals involved, we view our role as helping people look outside of the company. I think that in many instances, this contribution is a significant value that we can bring to the organization,” Cardinale said. Working with former NABE President Duncan Meldrum, who is chief economist at Air Products, Cardinale said they try to offer a broader perspective to corporate project teams by providing the latest data on global markets and related industries.

A NABE member since joining Meldrum’s staff in 2002, Cardinale is becoming more active in the organization. Next April, he will be among the speakers at NABE’s Professional Development Seminar in San Diego. It will be his second stint as a speaker on the PDS program. Doctoral Work Reconnecting Theory, Applications

Cardinale is working toward his Ph.D. in economics at Lehigh University in nearby Allentown, with the goal of completing his course work by next summer. This academic track has allowed him to “return to my roots as a business economist” after working for about 10 years in the company’s finance and treasury departments. “My development involves reconnecting with economic theory and finding the bridge between those concepts and their practical applications in business. From an academic standpoint, my primary interests are business cycle analysis, econometrics and applied microeconomics,” he said.

Right before returning to Air Products as senior economist, Cardinale earned a Masters in Business Administration at Purdue University in West Lafayette, Indiana. He earned a Bachelor’s degree from Dickinson College in Carlisle, Pa. His first job with Air Products was as an intern when he was in college.

## **Why Economics?**

Asked why he chose economics, Cardinale noted that entering the profession of the “dismal science” fit well with his affinity for the Chicago Cubs – 1908 World Champions. Seriously though, he said his goal was always a career in business economics.

“I chose economics as my undergraduate field because I believed that it provided a sound, analytical basis for all subsequent business decisions,” he said.

“In addition to economics, I also received an undergraduate degree in a field called policy and management studies, which is a mixture of economics, political science and psychology. The predominant theme is that all decisions have an economic, political and moral aspect. I believe in that framework for both the business and non-business world. As such, the role of economic concepts in all decision making is what keeps me interested in the field,” he said.

## **Advice for Newly Minted Economists, Students?**

Given his experience working for a company on global business strategies, plus his earlier service in the company's financial operations, Cardinale said his main advice to newly minted professionals or students considering economics is something along the lines of "don't plan on climbing Mt. Everest on your first day!" He also counseled:

\* When you start to work in a corporation you probably will not be dealing with high-level economic concepts but rather with what appears to be more mundane activities. The key to remember is that while the complicated models are fun, it is the day-to-day tasks that allow for an immediate and direct impact to the bottom line. The ability to succeed at those tasks helps to demonstrate how a business economist adds value.

\* Continue to develop your communication skills. Unless I am conversing with the chief economist, nobody else inside my firm is a practicing economist. If I cannot quickly and concisely communicate economic concepts to this non-economic audience, then my contributions will be lost.

\* It is impossible to be a corporate economist in a vacuum; everybody needs to stay aware of the outside world and to understand how external factors impact your specific business. The problem is that given our information-oriented society, the amount of available information can be overwhelming. My advice is to develop a system early in your career to track relevant external data. This will then become routine, and it will be easier to stay in that routine as job responsibilities and pressures grow.

## **Welcome Aboard, New NABE Members!**

Please join the NABE Board of Directors and staff in welcoming new members who joined over the last two months. Since January, 343 persons have joined NABE. New members are added to the on-line registry at <http://www.nabe.com/mem/search.html> at the beginning of each month. The first issue of two IdeaLinks emailed to NABE members each month includes a listing of new members. Here are selections from brief interviews, conducted by e-mail, with four new members:

AkramTanweer Akram  
Vice President  
ING Investment Management  
Atlanta, Ga.

What is your current position?

I am vice president, macroeconomics research, ING Investment Management and I am responsible for monitoring recent economic developments in the United States and other G-7 countries. I have been in this position since mid-September 2006.

What is the main focus of your company or organization?

ING Investment Management is the investment arm of ING Group.

What are your career highlights and education--before your current job?

I worked as senior economist for Moody's Economy.com prior to joining ING Investment Management. I have also worked for the Investment Climate Department of the World Bank and for A.T. Kearney's Global Business Policy Council in Washington, D.C. I obtained my PhD in economics from Columbia University in New York. I received a Master's degree in economics from the London School of Economics, U.K.

Why did you join NABE?

I joined NABE in order to take advantage of its network of professional economists in different industries and levels of government

What drew you to economics?

As someone growing up in Bangladesh, I was interested in what countries can do to eliminate poverty, improve the standards of living, enhance growth and achieve sustainable development. The subject of economics seems to offer useful insights and views. That's what drew me to economics.

HubbellBill Hubbell

Consultant

Microsoft

Centennial, Colo.

What is your current position?

I am a business productivity advisor and I help Microsoft clients improve business processes by utilizing Microsoft software solutions. I've held this position for three years.

What is the main focus of your company or organization?

Software.

What are your career highlights and education--before your current job?

I worked for 10 years in management consulting in the area of Corporate Finance (Stern Stewart, KPMG, Arthur Andersen, etc) and for 20 years in industry (manufacturing and information services) in finance, marketing, sales and operations. I earned a Bachelors degree in economics at the University of Southern California and an MBA at the University of California-Los Angeles.

Why did you join NABE?

I want to have access to a consensus of economic forecasts and various economic analyses.

What drew you to economics?

I started my undergraduate education in engineering. I soon moved to economics and received a



BA degree from USC. I wanted to study a discipline that used lots of math but also involved people.

KrasnorThomas Krasnor  
Sales Strategic Analyst  
CBS Digital Media  
Pembroke Pines, Fla.

What is your current position?

As a sales strategic analyst, I work with sales management on pricing controls, yield management, category sell-through, and account management. I develop and maintain pricing and inventory models, forecast available inventory, and manage and maintain revenue database. I've held this position for two years.

What is the main focus of your company or organization?

Online publishing.

What are your career highlights and education--before your current job?

I earned both a Bachelor's and a Master's degree in economics.

Why did you join NABE?

I joined NABE to remain close to the business of economics after I completed my Master's degree. I wanted to have continual access to current events from the economic perspective, insights from industry leaders, and contact information for people in the same field.

What drew you to economics?

I was attracted to economics because of its overall relevance to all types of business and thought. The principles of economics can be used in every industry and are applicable in every case of decision analysis.

RuneAnders Rune  
Chief Economist  
Association of Swedish Engineering Industries  
Stockholm, Sweden

What is your current position?

I have been chief economist of the Association of Swedish Engineering Industries for over 20 years.

What is the main focus of your company or organization?

The Association of Swedish Engineering Industries is an employer and branch organization that represents more than 3,200 engineering companies - Sweden's most important companies. Our members operate in a range of sectors such as telecommunications, fabricated metal products, electronics, machinery and equipment, office machinery and apparatus, power industry, instrument technology, optics, motor cars and transport equipment.

What are your career highlights and education--before your current job?

I was president and one of the founders of Finanstidningen, a daily newspaper often called "A Swedish Financial Times". Before that I was a licentiate (1983) in Industrial Management and MBA (1976) in Industrial Economics, Linköping University of Technology.

Why did you join NABE?

For its professional members.

What drew you to economics?

My father was an engineer.

## President's Letter

Dear Fellow NABE Members,

I don't know exactly when it happened, but at some point I ceased being an up and comer and became a grizzled old hand. I am now trotted out in front of new trainees to warn them about the dangers of an economic past that must seem terribly remote to twenty-somethings who have never experienced a real recession.

In truth, I find myself in analytic middle age, trying to find a middle ground between bank elders who are used to doing things more experientially and kids who are more comfortable with technical approaches.

In order to get the younger set to temper their zeal for statistics, I share with them a series of what have become "Tannenbaum's Laws." Among them is the bromide that "The best of models are sometimes undone by the worst of data." In a recent manifestation of this adage, revisions to the employment data have had a dramatic impact on perceptions of the expansion and thrown off many economic models. Those responsible for producing this information have come under some media criticism for misleading us.

Allow me to rise to their defense. The professionals at the Bureau of Labor Statistics and the Bureau of Economic Analysis, among others, do a difficult job very, very well. Compare the breadth, quality, and timeliness of our economic data with that of other countries and you'll conclude that we should be quite thankful for what we have.

The economists at the nation's statistical agencies approach their task earnestly and intelligently. But they are limited, in some ways, by resources; funds for measuring economic variables are not keeping up with the growing size and complexity of American industry.

Further, a large share of these monies is applied to sectors like agriculture and manufacturing, which are relatively easy to account for but which account for a shrinking share of GDP. Less

well covered are service companies and smaller firms, which have become important engines of growth. As a colleague once noted, “We seem to be searching for our missing car keys only in the area immediately under the street lamp.”

NABE has been a persistent advocate for increased funding to America’s statistical agencies. Further, the NABE Statistics Committee, under the direction of Past President Maurine Haver, plays the role of providing dialog between the agency executives and business and other data users. I know you support our dedication to these important missions.

Those in the markets have perhaps become too much like the quants who come to work in my institution. They become overly reliant on the data, and are upset when its frailty inevitably surfaces. Perhaps a healthy dose of perspective would be part of the solution as well.

Speaking of perspective, I hope we can all place these issues into their proper place during the upcoming holidays. This is a season of the spirit, and not the wallet. I’d recommend investing some time with your families and some money with your favorite charity. The returns to both will be exceptional.

Wishing you and yours all the very best for a prosperous 2007.

C. R. T.

Carl Tannenbaum  
NABE President

## **Windows on the Web: New Site for Crunching Numbers**

By Bruce Kratofil  
NABE Webmaster

Bruce Kratofil This is actually the second Windows on the Web column I turned in for this issue. The first column looked at the two new browser releases – Microsoft Internet Explorer 7 and Mozilla Firefox 2. It had some useful information, but it was boring. After all, how much more can be said about browsers? (I was even bored writing it.)

Then, about an hour after I shipped the article off to the editor, I happened to follow a link on the Freakonomics blog, and found something interesting to write about. It’s a new Web 2.0 site called Swivel.

### **Web 2.0**

Before actually talking about Swivel, maybe we should look at that buzzword, Web 2.0, first.

While at the time we didn't call it Web 1.0 (for the same reason that we didn't call it World War I until World War II came along), the World Wide Web originally consisted of someone or something creating a site and filling it with their content. Then we, the users, came along and viewed that content.

In a Web 2.0 site only a platform or framework is provided. The users, who upload their creations to share, provide the content itself. Prime examples of Web 2.0 sites are YouTube, Flickr, Wikipedia, Blogger, Google Video and MySpace.

## **Swivel**

Swivel wants to do for data what Wikipedia did for the encyclopedia. Their own description is "Swivel is a Web site for curious people to explore data." Once you open up a free account at Swivel, you can upload data, create graphs from that data, or create graphs from other people's data. This post at Freakonomics includes some comments by the creators. You also may want to try the tour they have at the site.

I wanted to try it out but didn't really want to supply my own data. So I went over to FRED, the economic time series collection at the Federal Reserve Bank of St Louis. They were featuring the Canadian/US Dollar exchange rate, so I downloaded that. Reading a little bit of Swivel's help files, I saw that they wanted spreadsheet data uploaded as CSV (comma separated value) files and only simple headings at the top of each data column. Uploading was done via a browser form within a webpage; once the data gets uploaded they ask you to describe it, cite the source, and tag it, which means coming up with a series of one-word descriptions, separated by spaces, for the data. I chose this list of tags: exchange rate dollar Canada US. You can see the results here.

Once you've created the graph, you can embed it in a blog or on another website. In fact, the graph below is actually coming from the Swivel site, while the rest of this page is coming to you from the NABE webservice.

## **What Is It Good For?**

As professional business economists, most of us already have access to very sophisticated data sources and analytical tools. At this point, Swivel isn't going to be a big addition to your toolset. On the other hand, it isn't hard to think of lots of uses that an undergraduate student would have for this, or someone who, for some reason or other, can't get the high-priced tools.

Where Swivel may really make a difference is in data sharing. While people aren't going to be uploading their confidential company data (although there will be paid Swivel accounts that let you keep your data private), consider some of the uses in either academic or public policy discussions. Before, if someone published a controversial finding and another researcher wanted to examine the data looking for errors (or fudging), it wasn't always easy to get a copy of the data set. Now, if someone wants to make a controversial claim, they can also say "Here's my data – test it for yourself." Arguments presented that way can carry more weight than those based on data that no one else can see.

There can also be problems with user-supplied data. Just like someone can write an erroneous Wikipedia article, someone will probably supply fake data. However, since you will be asked for your source, it is possible for others to verify. There probably will be some bad amateur econometrics being performed at Swivel, too. People will compare two nominal economic time series, find some high correlation, and immediately claim causality. That's when it will be time for economists to use their comparative advantage and show how data analysis should really be done.

Swivel has only recently come out of closed beta-testing. The general public has only been able to use it about a week. As of Dec. 8, there were only about 1,100 data sets uploaded. However, if it exhibits anything like the growth of Wikipedia (which now has 1.5 million articles) it could turn into another Web 2.0 success.

### **About those Browsers**

If you are still interested in browsers, you can see a longer review of Firefox 2 that I did here . If you want a comprehensive review of Microsoft Internet Explorer 7, a good one is here at the Windows Supersite.

## **Seattle Chapter Adopts New Name, Broadens Focus**

A new name was in order, the members of NABE'S Seattle Chapter decided. So in the summer of 2006, the group became the Seattle Economics Council (SEC), a moniker that officers believe reflects a broader membership base than the old name, Seattle Economics Club.

“We hope to attract noneconomists who work in fields of economics with that name change that should reflect better who our membership is today,” said Alexander Rist, the current president of the Seattle Economics Council. He is an economist whose job includes forecasting, economic and financial analysis for the King County Department of Natural Resources, Solid Waste Division.

Rist pointed out that there are fewer and fewer “pure economists” working in private industry or the public sector. However, as NABE has discovered as it draws upon an increasingly diverse group of professions, there are numerous industries and public entities that employ economists and analysts in a wide variety of positions.

SEC officers Rist described the members of the Seattle Economics Council: “Our members are people working as financial analysts, transport planners and environmental planners, real estate agents, financial advisors, consultants and economists from academia. We attract people from a broad field of professions. We have almost 100 paying members.”

Serving with Rist as officers are: Betsy Minden, vice president; Stephen Land, secretary; and

Robin Klemm, treasurer. The four SEC officers serve one-year terms.  
Networking, Timely Speakers Top Benefits

When asked what are the most popular benefits for members of the Seattle Economics Council, Rist cited networking opportunities and professional speakers and programs. "Members benefit from the club through the possibility to network with other people and discuss economic issues, such as the way China secures its energy resources all over the world and its implication for America," he said.

NABE member Evelina Tainer, chief economist of the Labor Market and Economic Analysis branch of the Washington State Employment Security Department, will be the featured speaker at the next SEC program, scheduled for Dec. 13. Her topic is "Economic Indicators for Investing: or How Wholesale Orders of Wrapping Paper Forecast Holiday Sales." The luncheon meeting will be held at Ivar's Acres of Clams at Pier 54 on Seattle's waterfront, one of the group's favorite spots.

Rist said the SEC meets every second Wednesday from October through June. Recent events hosted by the council include conferences sponsored jointly with the U.S. Bureau of Economic Analysis and meetings at the Federal Reserve Bank branch in downtown Seattle. Speakers cover many timely topics, including real estate and land use, international trade, environmental issues, and regional and local business conditions and projections.

The SEC was founded in 1968 "to provide a forum for economic issues and a network for local economists and those interested in business economics." It is associated with the Pacific Northwest Regional Economic Conference, as well as being a chapter of NABE.

Visit the Seattle Economics Council's website at: <http://www.nabe.com/chapters/seattle/index.html>

## **Member News**

Peter Orszag, senior fellow at the Brookings Institution, has been chosen by senior Democrats in the Senate and House to serve as director of the Congressional Budget Office when the 110th Congress convenes in January.

Milton Friedman, recipient of NABE's Adam Smith Award in 1989 and a NABE Fellow, died Nov. 16 in San Francisco, at age 94. He was retired professor of economics at the University of Chicago. Friedman's 1989 Adam Smith Award Address to NABE is at [http://www.nabe.com/publib/friedman\\_adam\\_smith.html](http://www.nabe.com/publib/friedman_adam_smith.html).

Regina Desler is associate with Analysis Group Inc., Dearborn, Ill.

Brian Farthing is now with PricewaterhouseCoopers LLP, London, England.

Cynthia A. Glassman is under secretary for economic affairs with U.S. Department of Commerce, Washington, D.C.

Eduardo J. Martinez is economist with Economic Development Corporation of Los Angeles, Los Angeles.

Merrill Matthews, Jr. is executive director with Council for Affordable Health Insurance, Alexandria, Va.

David Swierenga is now with AeroEcon, Round Rock, Texas.

Norman G. Williams is now lead financial economist with the U.S. Comptroller of the Currency, Washington, D.C.

## **News Briefs**

If you will be in Chicago on Jan. 5-7, plan to attend NABE's two sessions at the ASSA meeting: (1) Current Trends and Issues in the American Labor Market on Fri., Jan. 5 at 2:30 p.m.; and (2) International Capital Flows: Measurement, Implications, and Policy Analysis on Sat., Jan. 6 at 10:15 a.m. Kevin Kliesen, Catherine Mann, and Carl Tannenbaum organized the sessions. For the list of distinguished speakers and session locations, see <http://www.nabe.com/publib/assa2007.html>

It's not too early to mark Sept. 9-11 on your calendars for NABE's 2007 Annual Meeting in San Francisco. The theme is "Global Integration and the Pacific Partnership" and it will be held at the Grand Hyatt in San Francisco. Janet Yellen, president of the Federal Reserve Bank of San Francisco, will be the opening keynote speaker and the FRB will host a reception on Monday evening. See details as they emerge on the website.

Call for Contributed Papers: As a NABE member, you are encouraged to participate actively in the NABE Annual Meeting in San Francisco on Sept. 9-11, 2007. How? By submitting a paper for the NABE Edmund A. Mennis Contributed Papers Award. There is a \$1,000 prize for the best paper. See the guidelines in *Business Economics* and on the website at <http://www.nabe.com/cfp07.html>.

Nominations are invited for the 2007 Julius Shiskin Memorial Award for Economic Statistics. Contributions are recognized for statistical research, development of statistical tools, application of information technology techniques, use of economic statistical programs, management of statistical programs, or developing public understanding of measurement issues. Individuals or groups in the public or private sector from any country can be nominated. The award will be presented with an honorarium of \$750 plus additional recognition from the sponsors. A nomination form and a list of all previous recipients are available on the ASA Website at [www.amstat.org/sections/bus\\_econ/shiskin.html](http://www.amstat.org/sections/bus_econ/shiskin.html) or by writing to the Julius Shiskin Award Committee, Attn: Monica Clark, American Statistical Association, 732 North Washington Street,

Alexandria, VA 22314-1943. Completed nominations must be received by April 1, 2007. For further information contact Steven Paben, Julius Shiskin Award Committee Secretary, at [paben.steven@bls.gov](mailto:paben.steven@bls.gov).

The November 2006 NABE Outlook Survey has received excellent media coverage. NABE President Carl Tannenbaum did interviews about the survey with CNN Radio, AP Radio, the Wall Street Journal Radio Network, Voice of America Radio, CNBC, and Bloomberg News. In addition, Wachovia Chief Economist John Silvia discussed the survey on the Marketplace Morning Report. Original reports about the survey were published in a number of outlets, including the Associated Press (multiple articles), AFX, Reuters, Bloomberg News, Barron's, Finfacts Ireland, Free Market News, The Riverside Press-Enterprise (California), Workers Independent News, and MiningMX.com (South Africa).

**NABE News**

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