



2001

## Gambling with the Future: Economic and Social Perspectives on the Casinos in America 2001-02

Department of Economics

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## Werner Sichel Economics Lecture-Seminar Series

Department of Economics  
College of Arts and Sciences  
Western Michigan University  
Kalamazoo, MI 49008-5330

"The Economics of Risk" is the 38th annual Public Lecture-Seminar Series organized by the Department of Economics at Western Michigan University. This year's series focuses on the occurrence of risk in our economy and the attitudes and responses of decisionmakers to the risk that is encountered. The series is directed by Dr. Donald J. Meyer of the WMU Economics Department, and is co-sponsored by the W.E. Upjohn Institute for Employment Research. The public is cordially invited to attend the lectures and no admission is charged. In addition to a public lecture, each guest scholar will also present an academic seminar. For additional information, please contact Dr. Meyer at (616) 387-5531 or at donald.meyer@wmich.edu, or call the Economics Department office at (616) 387-5535.

The guest scholars also participate in a graduate/advanced undergraduate course under the supervision of Dr. Meyer, which is offered for academic credit to students enrolled at the University.

**Travel Directions:** From I-94 take U.S. 131 north to Exit 36A (Stadium Drive). Travel east on Stadium Drive to the fourth traffic light at Howard Street. Turn left onto Howard and take the second right to the WMU campus. Follow the signs to the Miller Auditorium parking ramp. Knauss Hall is the dark brick building opposite the Waldo Library clock tower.

## WESTERN MICHIGAN UNIVERSITY

College of Arts and Sciences  
Department of Economics  
Werner Sichel Lecture-Seminar Series

### The Economics of Risk

Public Lectures on Wednesdays  
3:00 p.m., 3508 Knauss Hall

#### Fall Semester

**John H. Kagel**  
Ohio State University  
September 12, 2001

**Katherine Swartz**  
Harvard School of Public Health  
October 10, 2001

**Mark J. Machina**  
University of California-San Diego  
November 7, 2001

#### Winter Semester

**William R. Eadington**  
University of Nevada, Reno  
January 16, 2002

**Rulon Dean Pope**  
Brigham Young University  
February 20, 2002

**Keith J. Crocker**  
University of Michigan  
March 13, 2002

The Department of Economics and the College of Arts and Sciences gratefully acknowledge the co-sponsorship of this series by the W. E. Upjohn Institute for Employment Research, Kalamazoo, Michigan.

This series is directed by Donald J. Meyer, Associate Professor of Economics, with the assistance of Matthew Higgins, Huizhong Zhou and Steve Woodbury.

## Common Value Auctions and the Winner's Curse: Lessons from the Economics Laboratory



Wednesday  
September 12, 2001  
3:00 P.M.  
3508 Knauss Hall  
WMU

**John H. Kagel**  
University Chaired Professor of Economics  
Ohio State University

John H. Kagel is University Chaired Professor of Economics at Ohio State University. He is a leading expert in the area of common value auctions and the winner's curse. In a common value auction, such as a mineral lease auction, bidders face significant risk as to the monetary value of what they are bidding on and typically receive private information as to the object's value. Professor Kagel is one of the pioneers in the application of experimental methods to the study of economics. His experimental work has involved both human subjects and laboratory animals. Professor Kagel has received extensive support from the National Science Foundation for his research and he also has been on the NSF Panel for Decision Risk and Management Science from 1997 to the present.

Professor Kagel has published widely in leading economics and psychology journals on individual choice behavior, auctions, and industrial organization theory. His publications include "Demand Curves for Animal Consumers," *Quarterly Journal of Economics*, 1981 (with R. Battalio); "Winner's Curse and Public Information in Common Value Auctions," *American Economic Review*, 1986 (with D. Levin); and "Common Value Auctions with Insider Information," *Econometrica*, in press, (with D. Levin). Professor Kagel's books include *The Handbook of Experimental Economics*, 1995 (co-edited with A. Roth); *Economic Choice Theory: An Experimental Analysis of Animal Behavior*, 1995 (with R. Battalio and L. Green); and *Common Value Auctions and the Winner's Curse*, in press (with D. Levin).

Prior to coming to Ohio State University in 1999, Professor Kagel was on the faculty at Texas A&M University, University of Houston, and the University of Pittsburgh. He has been a National Fellow at the Hoover Institute and he also received the Chancellor's Distinguished Research Award in 1997 at the University of Pittsburgh. Professor Kagel earned his B.A. in economics from Tufts University, an M.P.I.A. in economic development from the University of Pittsburgh, and an M.S. and Ph.D. in economics from Purdue University.

## Sharing High Risks—How Government Can Make Health Insurance Markets More Efficient and More Accessible



Wednesday  
October 10, 2001  
3:00 P.M.  
3508 Knauss Hall  
WMU

**Katherine Swartz**  
Professor of Health Policy and Management  
Harvard School of Public Health

Professor Swartz's current research interests focus on the population without health insurance and efforts to increase access to health care coverage, as well as health care financing and organization. Professor Swartz's research has demonstrated the heterogeneity of people without health insurance in terms of their socio-economic characteristics and the different lengths of time people spend in spells without insurance. She is currently the principal investigator of a project funded by the Robert Wood Johnson Foundation to study state regulations of individual markets, and is the principal investigator of a Commonwealth Fund sponsored evaluation of New York State's Healthy New York program to help uninsured individuals and low-income employees of small firms obtain health insurance. During the 2000-2001 academic year, Professor Swartz was a visiting scholar at the Russell Sage Foundation, where she worked on a book on the uninsured and how government might increase access to private insurance coverage.

Professor Swartz has published her work in a number of research journals. Her recent publications include "Health Insurance Problems are not Going Away," *Inquiry*, 2000; "The Death of Managed Care as We Know It," *Journal of Health Politics, Policy and Law*, 1999; and "Dynamics of People Without Health Insurance: Don't Let the Numbers Fool You," *Journal of the American Medical Association*, 1994.

Professor Swartz has been a member of the faculty of the Department of Health Policy and Management at the Harvard School of Public Health since 1992. From 1982 to 1992, she was with the Urban Institute in Washington, D.C. She has also been on the faculty in the Economics Department of the University of Maryland and the Center for Public Policy at Brown University. Since November 1995, Professor Swartz has been the editor of *Inquiry*, a journal that focuses on health care organization, provision and financing. She was the 1991 recipient of the David Kershaw Award from the Association for Public Policy Analysis and Management for research done before the age of 40 that has had a significant impact on public policy. She has a Ph.D. in economics from the University of Wisconsin and a B.S. in economics from the Massachusetts Institute of Technology.



2001-2002

## States of the World and the State of Decision Science



Wednesday  
November 7, 2001  
3:00 P.M.  
3508 Knauss Hall  
WMU

**Mark J. Machina**  
Professor of Economics  
University of California—San Diego

Professor Machina has been very instrumental in the development of the theory of risk and uncertainty as we know it today. His work has focused on the development of generalized expected utility and non-expected utility models and on the analysis of behavior under subjective uncertainty. Recognition by the profession to the importance of his research contribution is evident by the frequency with which his work has been reprinted in readings books in microeconomics, insurance, and risk and uncertainty. Professor Machina has received a number of research grants from the National Science Foundation. He was elected Fellow of the Econometric Society in 1989 and he has received numerous graduate and research fellowships. In addition to his prestigious research record, Professor Machina has been recognized for his teaching excellence. He is currently or has been an Associate Editor or Co-Editor of many of the leading economics journals including *Journal of Risk and Uncertainty*, *Econometrica*, *Journal of Economic Theory*, and *Quarterly Journal of Economics*.

Professor Machina's impressive list of research publications includes: " 'Expected Utility' Analysis Without the Independence Axiom," *Econometrica* 1982; "Temporal Risk and the Nature of Induced Preferences," *Journal of Economic Theory*, 1984; "Choice Under Uncertainty: Problems Solved and Unsolved," *Journal of Economic Perspectives*, 1987; "Risk" in *The New Palgrave: A Dictionary of Economics*. 1988 (with M. Rothchild); "A More Robust Definition of Subjective Probability," *Econometrica*, 1992 (with D. Schmeidler); and "Increasing Risk: Some Direct Constructions," *Journal of Risk and Uncertainty*, 1997 (with J. Pratt).

Professor Machina has been on the faculty at the University of California—San Diego from 1979 to the present. Over this time period he has been a visiting scholar, professor or lecturer at universities all over the world, including the People's University of China, the Australian National University, the University of Cambridge, Stanford University, and Princeton University. Professor Machina earned a B.A. with highest honors in economics and a B.A. with highest honors in mathematics from Michigan State University and a Ph.D. in economics from the Massachusetts Institute of Technology.

## Gambling with the Future: Economic and Social Perspectives on the Casinos in America



Wednesday  
January 16, 2002  
3:00 P.M.  
3508 Knauss Hall  
WMU

**William R. Eadington**  
Professor of Economics  
University of Nevada, Reno

William R. Eadington is Professor of Economics and Director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada, Reno. He is an internationally recognized authority on the legalization and regulation of commercial gambling, and has written extensively on issues relating to the economic and social impacts of commercial gaming. Professor Eadington has served as the organizer of the First through Eleventh International Conferences on Gambling and Risk Taking, dating since 1974, the most recent held in Las Vegas in June, 2000. He is a founding member of the International Academy for the Study of Tourism, and a former Associate Editor of the *Annals of Tourism Research*. Professor Eadington has served as a consultant and advisor for governments and private sector organizations throughout the world on issues relating to gaming laws, casino operations, regulation, gambling legalization and public policy.

Professor Eadington has edited or co-edited a number of books, including: *Finding the Edge*, 2000; *The Business of Gaming*, 1999; *Gambling: Public Policies and the Social Sciences*, 1997; *Gambling Behavior and Problem Gambling*, 1993; *Indian Gaming and the Law*, 1990; and *Tourism Alternatives*, 1992. His work has appeared in the *Journal of Travel Research*, *Journal of Gambling Studies*, *Economic Development Review*, and *Management Science*. Professor Eadington recently published the interesting overview article, "The Economics of Casino Gambling," in the *Journal of Economic Perspectives* in 1999.

Professor Eadington has been with the University of Nevada since 1969. He has served as an academic Visitor to the London School of Economics, as a Visiting Professor at the Center for Addiction Studies, Harvard Medical School, and as a Visiting Lecturer at the Kennedy School of Government, Harvard University. He also serves as Visiting Professor to the Centre for the Study of Gambling and Commercial Gaming at the University of Salford (U.K.). Professor Eadington holds a Bachelor's degree in mathematics from Santa Clara University, and an M.A. and Ph.D. in economics from Claremont Graduate School.

## Risk and Agriculture: Issues and evidence



Wednesday  
February 20, 2002  
3:00 P.M.  
3508 Knauss Hall  
WMU

**Rulon Dean Pope**  
Professor of Economics  
Brigham Young University

Professor Pope has researched various aspects of risk as they naturally occur in agricultural settings and he is a recognized expert in the area of agricultural risk analysis. His broad research interest covers both a number of theoretical issues as well as an examination of more empirical and applied aspects of agricultural risk. Professor Pope has received a number of awards for his research including the "Publication of Enduring Quality Award" and "Quality of Research Discovery Award," both awarded by the American Agricultural Economics Association and the "Outstanding Published Research Award" given by the Western Association of Agricultural Economists.

Professor Pope has published extensively in leading journals in economics and agricultural economics. His publications include "Production Uncertainty and Factor Demands for the Competitive Firm," *Southern Economic Journal*, 1979 (with R. Kramer); "Producer Surplus and Risk," *Quarterly Journal of Economics*, 1985 (with J. P. Chavas); "A New Parametric Test for the Structure of Risk Preferences," *Economic Letters*, 1988; "Cost Functions under Production Uncertainty," *American Journal of Agricultural Economics*, 1994 (with J. P. Chavas); "Empirical Implementation of Ex Ante Cost Functions," *Journal of Econometrics*, 1996 (with R. Just); and "Random Profits and Duality," *American Journal of Agricultural Economics*, 2002 (with R. Just).

Professor Pope has been at Brigham Young University since 1982. Prior to that he was on the faculty at University of California-Davis and at Texas A&M University. Professor Pope's distinguished service includes Associate Editor of *American Journal of Agricultural Economics* and the editorial board of the *Western Journal of Agricultural Economics*. Professor Pope has served as President of the Western Association of Agricultural Economics. He also served as Chair of the Department of Economics at Brigham Young University from 1986 to 1992. Professor Pope earned his B.S. in economics from Brigham Young University and his Ph.D. in agricultural economics from the University of California-Berkeley.

## Managing Risk Before It Manages You



Wednesday  
March 13, 2002  
3:00 P.M.  
3508 Knauss Hall  
WMU

**Keith J. Crocker**  
Waldo O. Hildebrand Professor of Risk Management  
and Insurance  
University of Michigan

Keith J. Crocker is the Waldo O. Hildebrand Professor of Risk Management and Insurance and a Professor of Business Economics and Public Policy at the University of Michigan. Professor Crocker's research has focused on the identification and categorization of risk and on risk management. He has also examined various aspects of asymmetric information such as adverse selection and optimal incentive contracting, especially as they pertain to insurance markets. In addition to his accomplished research record, Professor Crocker is an outstanding teacher and he has received awards for teaching excellence at each of the universities he has been at.

Professor Crocker has published numerous articles concerning asymmetric information in insurance markets and risk classification in prestigious economics journals and books. These include "Is Honesty the Best Policy? Curtailing Insurance Fraud Through Optimal Incentive Contracts," *Journal of Political Economy*, 1998 (with J. Morgan); "Hardball and the Soft Touch: The Economics of Optimal Insurance Contracts with Costly State Verification and Endogenous Monitoring Costs," *Journal of Public Economics* 1997 (with E. Bond); "The Social Value of Hidden Information in Adverse Selection Economies," *Journal of Public Economics*, 1992 (with A. Snow); "Smoking, Skydiving and Knitting: The Endogenous Categorization of Risks in Insurance Markets with Asymmetric Information," *Journal of Political Economy*, 1991 (with E. Bond); and "The Theory of Risk Classification," in *Handbook of Insurance*, 2000 (with A. Snow).

Prior to coming to the University of Michigan in 1996, Professor Crocker was on the faculty at Pennsylvania State University and the University of Virginia. He is currently on the editorial board of the *Journal of Regulatory Economics* and he is also an Associate Editor of the *Journal of Risk and Insurance* and is Co-Editor of *The Geneva Papers of Risk and Insurance Theory*. Professor Crocker earned a B.A. in mathematics and economics at Washington and Lee University, and an M.S. and Ph.D. in economics from Carnegie-Mellon University.