Can Speculative Bubbles Be Managed? By Mitchel Y. Abolafia

“Bubbles generally are perceptible only after the fact. To spot a bubble in advance requires a judgment that hundreds of thousands of informed investors have it all wrong. Betting against markets is usually precarious at best.”
- Alan Greenspan (June 1999)

“Those of us who have looked to the self-interest of lending institutions to protect shareholder’s equity (myself especially) are in a state of shocked disbelief.”
- Alan Greenspan (October 2008)

These two quotes may be seen as bookends to the bubble economy of the last decade or so. They suggest an unquestioning faith in the judgment of the market. This kind of faith is a poor prescription for policymaking. Effective policymaking is practical, skeptical, and open to continuous learning. I will argue that this faith in the judgment of the market underlies the Federal Reserve’s role in inflating the bubble economy and its reluctance to restrain it. My goal is to explore how such a faith was adopted, and the confluence of ideas, interests, and events that explain its adoption.

This essay is organized around three questions: What do we know about speculative bubbles? Why do they still occur? Can they be managed? Before proceeding to explore the latter two questions, however, I will introduce two analytic perspectives that have been used to explain speculative bubbles. For our purposes, bubbles will be defined simply as a condition in which “prices are high . . . only because investors believe that the selling price will be high tomorrow – when ‘fundamental’ factors do not seem to justify such a price.” I will argue in the following section that the unquestioning faith displayed above obscures what we know from historical experience and alternative models.

Where Do Bubbles Come From?

Market Fundamentalism. The most influential approach to understanding asset markets today may be referred to as market fundamentalism. As stated above, it is an exaggerated faith in the ability of the market to achieve socially optimal outcomes. It is not one idea, but a system of interrelated ideas that offer predictions, diagnoses, and solutions. This faith is seen in its strongest form regarding financial markets. Block identifies three basic assumptions underlying what he calls “the conventional wisdom.” First, financial markets are excellent at pricing assets. Second, money will flow to markets with the highest return within and across countries as long as they are tightly linked. Third, the regulation of financial markets should be kept to a minimum to avoid interference with the market mechanism.

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A Message from the Dean:
Worst of Times, Best of Times?

I think someone beat me to this line; 2009 has not been fun for many people. The unemployment rate is 10.2 percent at this writing and many other economic indicators have not been pretty. State and local governments are awash in red ink and, while there is some light at the end of the proverbial tunnel, the recovery is going to take some time – at least that is the conventional wisdom.

Universities have suffered their share of the economic downturn. Some private universities have lost 30 percent of their endowment, and public universities have experienced sharp budget cuts. Officials at the University of California system imposed faculty and staff furloughs and recently announced a 32 percent tuition increase. The State University of New York has experienced significant budget reductions as well – though not as severe as California. So, with all of this bad news, why am I so bullish about Rockefeller College of Public Affairs and Policy?

The reason, quite simply, is that 2009 has been a very good year for the College. And here’s why. As you learned from the last newsletter, we had a very successful year with faculty appointments, adding Holly Jarman, Erika Martin, Bryan Early and Kathleen Deloughery to our roster. Jennifer Fredette has been hired for a two-year visiting appointment. Mary Hunt joined us as the Director of Communications, and Jennifer Williams is our new Director of Internships and Career Services. So, from a recruitment perspective, it has been a banner year.

Our student enrollment is strong. The undergraduate political science major has increased steadily since 2003 and the fall 2009 enrollment is no exception. The undergraduate public policy and management major, while much smaller than political science, has also been growing. Quality measures for both programs reflect the overall upward trends that we see at the University as a whole. Similarly, graduate enrollment has also increased this year. And, in a very difficult year for academic hiring nationwide, our doctoral students who were seeking academic and research positions were successful.

Two of our research and teaching initiatives deserve special notice. The program in financial market regulation, a collaborative effort with the College of Computing and Information, School of Business, and Albany Law School, recently secured an $800,000 grant from the National Science Foundation. This program is one of the very few of its kind in the country and it is already generating much excitement not only on campus but in the financial community. Rockefeller College is also making its mark in the area of homeland and international security with significant external funding and first-rate research. This area of specialization has become quite popular among our graduate students and we are running hard to keep up with student demand.

I am bullish about Rockefeller College of Public Affairs and Policy. 2009 turned out to be a pretty good year for us. I hope that 2010 will be even better! I wish all of you the very best for the holidays and, on behalf of the faculty and staff, I wish you all a very happy new year. As always, I am just an email away (jstraussman@albany.edu) and I welcome your comments.
Meredith L. Weiss, assistant professor of political science specializing in comparative politics and Southeast Asia, joined the Rockefeller College faculty in 2008. An undergraduate course in Southeast Asian politics sparked her enduring interest in the subject; she recalls that she “just found it fascinating.” She discovered the dynamism and diversity of the region, and was excited by the tremendous and constant potential for change there, where Weiss notes “states are turned upside down not on an infrequent basis.” She acknowledges that the region’s unpredictability may keep things from getting dull, but can present a problem when it comes to timing for publication. Clearly though, she has no difficulty contributing timely and important data to her area of specialization. Dr. Weiss has written chapters in over a dozen books and published articles in numerous journals including Democratization, Perspectives on Politics, Asian Survey, Contemporary Southeast Asia, the Journal of East Asian Politics, Commonwealth & Comparative Politics, and Critical Asian Studies. For Weiss, anything that one would want to study can be effectively studied in the states of Southeast Asia – a dream for a field researcher.

Meredith Weiss grew up in Washington, DC, received her BA in political science, policy studies, and English from Rice University and her master’s and PhD in political science from Yale. Her dissertation was titled “The Politics of Protest: Civil Society, Coalition-building, and Political Change in Malaysia.” Prior to joining Rockefeller College, she was a research fellow at the East-West Center in Washington, DC, a research institution focusing on Asia, and spent a year as a visiting faculty fellow at Georgetown University. Before that she was an assistant professor in the International Studies Program at DePaul University in Chicago. She has held several visiting faculty positions at Asian universities.

Here at Rockefeller College, she teaches an introductory political science class in comparative politics and a graduate class in contentious politics, covering everything from social movements to revolutions. Weiss also teaches Southeast Asia politics and is developing an honors course she calls “Identities, Boundaries, and Mobilization” that addresses issues in collective identity and collective action.

Currently, she is doing research for several projects, including revision of a book on the history of student activism in Malaysia and Singapore. She is also co-editing two books, one that examines the profound role of student politics in Asian politics, and one on violent political contention in South and Southeast Asia. Other projects include studies of political Islam in Southeast Asia; representation of minority interests in Singapore, Malaysia, and Indonesia; and gendered discourses and identities in Southeast Asia.

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Dr. Weiss is a sought-after participant at international workshops, recently having addressed such topics as party system institutionalization in Asia (in Montreal); development strategies for the developing world (in Madrid); bilateralism and multilateralism in Southeast Asia (in Hiroshima and Kuala Lumpur); religion and democratization (in Istanbul); and student activism in Asia (in Kuala Lumpur and Singapore). She’ll soon be off to Tokyo to take part in a workshop on comprehensive security in the Asia-Pacific region. Weiss also presents regularly at the American Political Science Association (APSAnet) and Association for Asian Studies (AAS) annual meetings. She is treasurer of the APSA’s Caucus for a New Political Science and the chair of the AAS’s Southeast Asia Council. Despite the importance of Southeast Asia in international affairs, not all political science departments have a Southeast Asia specialist. “Meredith Weiss has been a fantastic addition to our department. She is a dynamic teacher and outstanding researcher,” said Rockefeller College Political Science Chair David Rousseau. “Her expertise in Southeast Asia allows us to greatly expand our course offerings in this increasingly important region and her theoretical understanding of social mobilization allows her to address important research questions from a broad comparative perspective.”

Rockefeller College has been enriched with the arrival of Meredith Weiss, whose academic pursuits are as exciting as the region that is the object of her research study.
Associate Professor of political science, Jose E. Cruz secured a $150,000 grant from the New York State Legislature to support the work of the New York Latino Research and Resources Network (NYLARNet) during fiscal year 2009-10. Cruz also completed a paper titled “Adding Race and Ethnicity: Electoral Data Collection Practice and Prospects for New York State,” co-authored with Jackie Hayes. In May 2009, Cruz received the Best Faculty Paper Award from the New York State Political Science Association.

Helen R. Desfosses, associate professor of public administration and policy, was a consultant and trainer in the Young Women Leaders Academy held in Doha, Qatar this past summer. The program was sponsored by the National Democratic Institute (NDI) in Washington, DC for approximately 20 young women political and NGO leaders from throughout the Middle East.

Assistant Professor Erzsébet Fazekas, and Simone Grant, a PhD candidate in the department of public administration and policy, presented a paper they co-authored on reconceptualizing civil society organizations in communist Hungary and Cuba at two conferences recently: the Mexico City conference of the International Society for Third Sector Research on Nonprofit Organizations and Voluntary Action in July, and the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) Conference in November. Also at the ARNOVA conference, Fazekas and PhD student Young Ah You presented their study on the network structure of Hungarian nonprofits.


Jennifer Fredette joined the political science faculty this fall. Fredette’s current project, based on interview work conducted in Paris, Bordeaux, and Lyon, examines the diversity of political opinions and legal identities among Muslims in France. Her study, “French AND Muslim: Plural Identity and Today’s Elite Republican Discourse in France” will be completed this spring. In the meantime, she is also working on an article about identity in social movements--need there be a “group” for there to be a movement? That article will appear in an upcoming volume of Studies in Law, Politics and Society.


In August, the US Department of State sent Professor Bruce Miroff on an eleven-day speaking tour through Brazil. With the Obama Administration as his overall subject matter, Miroff delivered lectures related to the economic crisis, foreign policy, and US-Latin American relations. Professor Miroff spoke in Brasilia, Recife, and Rio de Janeiro before university audiences, media outlets, and business groups.

Robert Nakamura, professor of political science, participated on a plenary panel on parliamentary development in the Southern Pacific region at the Pacific Islands Political Science Association meeting on December 3-4 in Auckland, New Zealand. He is also working with co-editors on a volume on parliamentary development in that region, sponsored by the Centre for
Democratic Institutions of the Australian National University.

**Associate Professor Judith R. Saidel** is completing work on an invited chapter titled “The Proxy-Partnership Governance Continuum: Implications for Nonprofit Management,” to be published by M.E Sharpe in the forthcoming volume *The State of Public Administration: Issues, Challenges, Opportunities*. At the November annual conference of the Association for Research on Nonprofit Organization and Voluntary Action (ARNOVA), Saidel presented “The Embedded Scholar as Activist Scholar: Possibilities, Pitfalls, and Payoffs.”

**Professor Morton Schoolman**, department of political science, has been on sabbatical during the fall semester of this year and, while on leave, has completed revisions on two articles and several chapters of a new book. “Situating Receptivity: From Critique to Reflective Disclosure” will appear in a future issue of *Philosophy and Social Criticism*. “Democratic Enlightenment: Democracy’s Barrier to Evil,” will appear in *Democratic Vistas Today: Walt Whitman and Political Theory*, edited by John Seery and published by the University of Kentucky Press. Professor Schoolman hopes to complete his new book, *Democratic Enlightenment: Political Education Through the Visual Image*, before the end of 2010.

**Assistant Professor of political science, Udi Sommer**, has developed work on the effect of women constituencies on Supreme Court confirmation votes. In July, Sommer published a paper formalizing decision making on the Israeli Supreme Court in *Israel Affairs*. In a forthcoming article in *Israel Studies Forum*, Sommer analyzes strategic judicial decision making in times of war within a comparative perspective. In the fall, he served on a National Science Foundation panel evaluating grant proposals. A paper he co-authored with two graduate students from the department will be presented in a regional conference in the fall.

**In February 2010, Professor Joseph F. Zimmerman’s** newest book, *Congress: Facilitator of State Action*, will be published by SUNY Press. In it, Professor Zimmerman examines the relationship between the federal government and the states in terms of the ways in which the US Congress facilitates state action to solve problems. His manuscript *Regulating the Business of Insurance in a Federal System* has also been accepted for publication by SUNY Press. Professor Zimmerman’s article “Trends in Congressional Preemption” was published in *The Book of States 2009*. In September, Zimmerman presented “Congressional Devolution of Powers and Preemption of State Regulatory Powers: Countervailing Trends” at the annual meeting of the American Political Science Association in Toronto. In January 2010, he will present his paper “The Full Faith and Credit Clause: Uniting the States” at Oxford University.

**Julie Novkov**, professor of political science and women’s studies at the Rockefeller College of Public Affairs and Policy at the University at Albany, has been elected to serve a two-year term on the American Political Science Association (APSA) Council. With more than 15,000 members in over 80 countries, APSA is the leading professional organization for the study of political science. Professor Novkov’s work addresses law, political development, and subordinated identities in the United States. Her publications include the books *Racial Union* (Michigan 2008), co-winner of the APSA Ralph Bunche Award in 2009; and * Constituting Workers, Protecting Women* (Michigan, 2001); two co-edited volumes; and numerous articles, book chapters, and book reviews. She holds an AB from Harvard-Radcliffe, a JD from NYU, and a PhD in political science from the University of Michigan. Professor Novkov’s term on the APSA Council runs from 2009 through 2011.
In 2008, Stephen E. Weinberg joined Rockefeller College as assistant professor in the department of public administration and policy. He describes himself as an economist whose research focuses on what happens as the microeconomics of government policy, health, and psychology intersect; he believes research on human psychology is factored into the examination.

Weinberg’s current research at Rockefeller College utilizes this approach as he continues his study of the cigarette industry, a subject he researched in graduate school. Dr. Weinberg received his AB in social studies from Harvard College, graduating magna cum laude. He then went on to Harvard University, graduating with a PhD in economics under the tutelage of David Cutler and David Laibson. His dissertation, “Essays in Life Cycle Consumption Decisions,” included a general examination of decision making and looked specifically at decisions over the entire life cycle related to savings and smoking. While in graduate school, Weinberg received scholarships from the National Science Foundation and the National Bureau of Economic Research; he also assisted in teaching introductory econometrics and designed his own sophomore seminar in behavioral and experimental economics. Before coming to Rockefeller College, he spent two years at Duke University, where he taught introductory economics, and designed and taught writing seminars on health economics, public economics, and behavioral economics.

In his current research, Weinberg considers whether prospective cigarette consumers, particularly youths, are susceptible to certain types of marketing strategies and if there are incentives for cigarette companies to employ such methods. Weinberg believes his findings, including what causes people to start or stop smoking, can assist policy makers as they grapple with the public health consequences of smoking and try to develop targeted anti-smoking campaigns. His methodology includes psychology-style experiments and statistical analysis of surveys conducted by various public health agencies, using as his main data set a survey on cigarette use in California. Weinberg is also using the National Longitudinal Survey of Youth, which is collected by the Bureau of Labor Statistics.

Dr. Weinberg teaches several courses at Rockefeller College, including Principles of Public Economics, an elective in public finance, and a new course titled Psychological Economics and Policy. This spring he will teach a PhD level economics course as well. He considers his primary teaching and research fields to be health economics, psychological economics and public economics; his secondary areas are econometrics, experimental economics and industrial organization. His publications include “The Hyperbolic Buffer Stock Model: Calibration, Simulation and Empirical Evaluation” for the Journal of Economic Perspectives and “Information Acquisition: Experimental Analysis of a Boundedly Rational Model” from the American Economic Review. His current research is reflected in his working papers on “Flexible Youths and Sticky Adults: Advertising to Overlapping Generations in the Cigarette Industry.”

Stephen Weinberg’s approach to the examination of what happens when public finance intersects with human behavior and psychology is exciting and rich in potential, providing fertile ground for developing public health policy that will resonate with the individuals it affects.

Two Popular Speakers Series Bring Focus to Real-World Problems

Rockefeller College’s Policy Conversations and Faculty Seminar Series programs bring scholars, policymakers, and experts from a wide range of disciplines and interests to campus to discuss important political and public policy issues. Both series offer an opportunity for lively discussion and intellectual engagement with experts. Topics covered in the fall programs included market regulation, peacebuilding, public opinion and public policy, student activism, homeland security, and issues of global development. Among the highlights of the season were visits by renowned scholar Stephen Skowronek, Pelatiah Perit Professor of Political and Social Science at Yale University, and Don Levy of the Siena Research Institute. Planning is underway for a new schedule of substantive, issue-driven topics for the Spring 2010 semester.
Laura Gonzalez-Murphy, Rockefeller College postdoctoral fellow, is getting attention and making an impact in policy circles for her research and expertise in the area of immigration and emigration in Mexico. Her 2009 dissertation, “Change and Continuity in Mexico’s Immigration Policy: How Civil Society Organizations Influence the Policy Process,” traces the complex evolution of Mexican immigration history and policy. Dr. Gonzalez-Murphy considers the topic extremely timely, having the potential for not only moving migration policy forward in Mexico, but also for influencing further development of United States-Mexican immigration policy and policies governing the hugely challenging politics of global migration.

In her dissertation, Gonzalez-Murphy presents an important finding: civil society organizations within Mexico, in particular the Catholic Church, Sin Fronteras (Without Borders), and Casas del Migrante (Migrant House), are becoming more deeply and successfully engaged in immigration policy advocacy and are influencing dialogue leading to legislative reform. They are daring to drive the discussion, a noteworthy change against the backdrop of Mexico’s struggles with cronyism and corruption and its recent transition to a more democratic form of governing.

Gonzalez-Murphy based her examination of Mexico’s migration experience on analysis of historical documents and interviews she conducted with key government officials and individuals working within civil society organizations. She credits her colleague and mentor, Rockefeller College Associate Professor Rey Koslowski, an expert on global migration and security issues, not only with helping her shape the direction of her doctoral study, but also with facilitating her access to key players in the system. Her personal connections to Mexico also facilitated and informed her research. Dr. Gonzalez-Murphy grew up in Oaxaca, Mexico. Her father was Mexican and her mother American. Through her mother’s experience, she saw the everyday challenges immigrants face. Her status as a dual national, her mastery of the language, and having family living there, eased Dr. Gonzalez-Murphy’s way as she conducted her research in Mexico.

“Laura has become a ‘go to’ person on Mexican immigration policy.”

- Associate Professor Rey Koslowski

As a result of her academic work and reputation, Gonzalez-Murphy has been invited to take part in discussions sponsored by the Mexican government on changes in immigration policy and legislation. In October, she participated in a debate forum in Mexico City titled “Toward a Migration Law,” hosted by the Mexican government and Sin Fronteras. The forum brought together Mexican migration officials, legislators, representatives of civil society, and academics to make recommendations for new migration law. Gonzalez-Murphy, the only academic from outside Mexico to be invited, gave a presentation emphasizing the importance of achieving congruence between Mexico’s laws and its demands of the US regarding treatment of Mexican emigrants, and the need to focus on the implementation process once the law is passed. She sensed a genuine excitement among the attendees and recalls, “Sitting with them, I realized everyone felt gratitude for the attention paid to this effort. There was a feeling of something happening democratically. It was exciting to see.”

She also presented on the Global Migration Project, directed by Koslowski, which analyzes the economic, political, and security aspects of international migration and short-term international travel and contributes to a clearer understanding of existing international cooperation on migration and the potential for global mobility regime formation (rules governing the movement of people across international borders).

Dr. Gonzalez-Murphy also was invited to the University of Monterey’s (Mexico) November 2009 conference “Aspects of Migratory Flows in North America.” Her reputation grows, as Koslowski notes, “With the completion of her dissertation on civil society and immigration policymaking in Mexico, Laura has become a ‘go to’ person on Mexican immigration policy not only within academic circles but also for the Mexican government.”

Laura Gonzalez-Murphy received her bachelor’s degree from Elmira College and, through Oxford University, completed an internship in Parliament and worked for the Organization of American States. She then came to Albany and worked for Governor Mario Cuomo in the Office of Rural Affairs (ORA). She earned her master’s degree in urban planning and environmental studies at Rensselaer Polytechnic Institute. After a hiatus from academics, she came to Rockefeller College and, in 2009, completed her PhD, somehow balancing that ultimate scholarly challenge with the challenge of raising a family. She remembers, “Coming back to academia is quite difficult with children. The support I had, not just from my family, but from the professors at Rockefeller College, made me able to finish.”
Rockefeller College Students at Work Around the Globe

Susan Appe, a PhD student in the department of public administration and policy, spent her summer conducting research in Ecuador and Colombia. Her work was funded by a Karen Hitchcock Scholarship through the University at Albany’s Initiatives for Women and a University at Albany Benevolent Association Research Grant. In May 2010, Appe travels to Quito, Ecuador to begin her dissertation field work which will examine the relationship between civil society organizations and state institutions. This fall, Appe presented at two annual meetings: the Association for Research on Nonprofit Organizations and Voluntary Action, and the New England Council of Latin American Studies. Her paper, “Towards Culturally Democratic Citizens: Nongovernmental Organizations and the State,” was accepted for publication in *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*.

PhD student Simone Grant, a research fellow at the SUNY/Center for International Development (SUNY/CID), recently presented three papers at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) Conference in Cleveland, Ohio. This past October, Grant was in Havana, Cuba beginning research for her dissertation on the development of Cuban civil society.

PhD student Chantal Pinard, a research fellow at the SUNY/CID, recently presented three papers at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) Conference in Cleveland, Ohio. This past October, Grant was in Havana, Cuba beginning research for her dissertation on the development of Cuban civil society.

Second year master's student Chantal Pinard studied Hindi in Jaipur, India during the summer as a Critical Language Scholarship recipient sponsored by the US State Department and the Council of Overseas Research Centers. Pinard is an intern at the New York State Intelligence Center.

Heather Senecal spent her summer in Uganda doing program evaluation work for the SUNY/Center for International Development (SUNY/CID). A second year MPA student at Rockefeller College, Senecal is a former Peace Corps volunteer currently working as an intern for CID.

MPA Students On The Move

MPA student and Center for International Development research assistant Kevin Bretscher has been selected to serve as Graduate Student Representative on the Strategic Planning Steering Committee created by SUNY Chancellor Nancy Zimpher. The committee is responsible for facilitating SUNY’s new strategic plan over the next five years.

Rockefeller College Public Service Professor Robert McEvoy sponsored MPA student Jason Cozza for an International City/County Management Association (ICMA) Scholarship. Cozza was awarded the scholarship which enabled him to attend the ICMA Annual Conference in Montreal this September where he very much enjoyed the opportunity to meet and network with other city and county officials.

Recently named a New York State Senate Fellow, MPA student Aaron W. Gladd has been assigned to the Office of Senator Thomas W. Libous, Deputy Minority Leader. As an undergraduate, Gladd worked for Senator Libous and Congressman Michael McNulty.
Angela Lauria-Gunnink is an MPA student working full-time at the Office of the State Comptroller. In June 2009, Lauria-Gunnink graduated from the New York State Public Management Institute (PMI) program. Through PMI, she earned professional certificates from the Cornell University School of Industrial and Labor Relations, the State of New York Department of Civil Service, and the Nelson A. Rockefeller Institute of Government. Her Poster Session “Social Networks and Cooperative Governance: Exploring Municipal Shared Services and Cost Saving Opportunities in New York State” was accepted to APSA’s 2010 Annual Conference in April.

This summer, as an intern in the Juvenile Justice Policy Unit at the NYS Division of Criminal Justice Services, MPA student Julia Lee helped conduct focus groups with youths across New York State. Lee spoke with youths whose lives have been impacted by the juvenile and/or criminal justice systems.

MPA student Matthew Milford has been hired as assistant project manager by the NYS Energy Research and Development Authority (NYSERDA). Milford will be working in the areas of critical energy prices and regulatory affairs.

Just wrapping up her first term as an MPA student, Chelsea Ruediger is interning with the nonprofit New Yorkers for Alternatives to the Death Penalty. Ruediger is a member of the Community Coalition to Prevent Violence, an advocacy group dedicated to creating a safer Albany.

Last summer, MPA student Jon Shepard completed the United States Marine Corps Officer Candidates School. Shepard will graduate in May 2010 with a concentration in homeland security studies. He’s looking forward to serving his country upon graduation.

Alumni News

Jackie Agostino, MPA ’09 has been named management assistant to Schenectady County Manager and Rockefeller College Alumna Kathy Rooney.

Mitchell Alger, MPA ’07 begins his job as deputy county administrator for Allegany County on December 28.

Eric Di Bari, MPA ’09 has been in Cochabamba, Bolivia working on technology and web-related projects for a non-profit organization.

Adam Conway, MPA/JD ’08 joined the Albany-based law firm of Couch White, LLP as a new associate in the firm’s energy practice group.

Deputy county administrator for Livingston County since 2008, Ian M. Coyle, MPA ’03 has been appointed county administrator of Livingston County.

Emily Dattilio, MA ’09 is working as a program analyst for Quality Assurance and Evaluation at the Fortune Society in New York City.

Presidentional Management Fellow, Lisa Finkelstein, MPA ’09 is program analyst for the US Department of Agriculture in Washington, DC.

Jennifer Givner, MPA ’02 was named director of communications for the New York State Lottery.

Josh Krantz, MPA ’09 is a Hamilton Fellow at the Community Development Financial Institution’s Fund at the US Department of the Treasury. Krantz works in the Certification, Compliance, Monitoring, and Evaluation Unit as a program and financial analyst.

Kristina D. Patyjewicz, MPA ’06 is working in the private sector doing compliance work for a hedge fund.

Dana Pon, MPA ’07 is an information technology specialist for the US Government Accountability Office (GAO) in Washington, DC.

Paul Alan Rosen, MPA ’05 has been appointed financial systems manager of Fulton County, Georgia.
One of the fastest growing policy areas for study, research, and program development in Rockefeller College is public security. In the post 9/11 environment, the demand for research that enhances our understanding of core security problems and evolving global conditions has accelerated. There is a greater need for studies that suggest new approaches to anticipating and managing threats. In addition, the public security agencies and organizations that operate in this environment have increased the demand for intelligence professionals and specialists in a number of security related fields.

Rockefeller College programs have expanded and diversified to keep pace with this growing need for expertise in public security. Over the past year, research programs and the number of faculty with public security interests have doubled, and public security has grown into the College’s most popular graduate program. Students in these programs readily secure internships in key agencies and have gone on to diverse positions in government and research settings. Many students have been drawn into research projects at the College, making important contributions to both scholarly and practitioner communities. The expansion of programs has made Rockefeller College a very attractive choice for students planning to pursue careers in the fields of security policy and intelligence.

**Rockefeller College Contributions in Security Research and Management**

**The Project on Violent Conflict**

Rockefeller researchers in the Project on Violent Conflict (PVC) have brought the study of terrorism and counterinsurgency strategy in new, innovative directions. PVC is co-directed by Associate Professors Victor Asal and Karl Rethemeyer, whose singular research mirrors their novel partnership. Asal, an expert in political violence, and Rethemeyer, a noted researcher studying social networks, joined forces to study terrorist networks and create a new way to look at the habits and methods of organizing adopted by these groups.

PVC is currently building an extensive data set on terrorist groups worldwide, focusing on organizational and network dynamics. Ultimately, this data set, “Big, Allied, and Dangerous,” or BAAD, is expected to be merged with an incident-based database, becoming the most extensive data available in the field. This work has had the support of the US Department of Homeland Security (DHS), and the research results have been published widely in security and conflict management journals and presented at various academic conferences.

Another ongoing project, “Know Thyself: The Organizational Culture, Networks, and Behavior of Counterinsurgency and Stability Operations,” is a multi-method assessment of counterinsurgency and stabilization operations in Iraq and Afghanistan. During the first phase of this project (which was funded by the Office of Naval Research), the PVC team and collaborators at Penn State University reviewed much of the existing literature on counterinsurgency, collected data on Marine Corps unit activities in Iraq and Afghanistan from unit command chronologies, and designed a process to collect data from Marine company and regimental combat team (RCT) officers. Mitchell Abolafia, Rockefeller associate professor and prominent ethnographer, has joined with PVC to design and conduct interviews with Marine officers who have served in either Iraq or Afghanistan. PVC is also in the early stages of researching the proliferation of improvised explosive devices (IED) technology through interorganizational and intraorganizational networks. The study will focus on former Irish Republican Army members, building knowledge not only on the IRA, but also insight into IED proliferation in other contexts. PVC continues with other projects as well, and to date has brought to Rockefeller six major grant projects totaling more than $2 million dollars.

**The National Center for Security and Preparedness**

The National Center for Security and Preparedness (NCSP), housed in Rockefeller College and directed by Rick Mathews, has taken a direct role in building the capacity of governments to respond to disasters and incidents of high consequence. NCSP connects critical expertise in industry and academia to federal and state governments as they work to secure the safety of citizens and public infrastructure.

With its staff and national panel of homeland security and disaster management experts, NCSP provides technical assistance and reference material on all phases and aspects of potential terrorist attacks. The NCSP designs practical exercises so that public managers and responders have the opportunity to prepare for real attacks and subsequent mitigation activities. Scenario-building exercises allow government clients to gain insight into the tactics and logistics of potential terrorist attacks, including multisite attacks, and those carried out using chemical, biological, radiological, nuclear, or explosive weapons. These activities shed light on the likely outcomes of terrorist attacks, and the subsequent efforts needed to mitigate and manage those outcomes.

Current clients of the National Center for Security and Preparedness include
Security Policy Associate Global Migration

With funding provided by the MacArthur Foundation, Associate Professor Rey Koslowski is currently studying global migration policies and the implications that border and homeland security policies have for the flow of people across international borders. Koslowski has a broad international audience for his research, as shown in his recent conversation with leaders from 66 countries on the “Global Implications of the Mobility of People” at the International Civil Aviation Organization (ICAO). His work reminds us not to overlook the trade-offs and effects that flow from different global migration policies. The potential economic benefits of global migration are significant, and achieving an appropriate balance between security imperatives and economic development will remain a major national and international public policy challenge.

Security and Intelligence Studies Faculty

A CIA Leader at Rockefeller College

Graduate students in the program have had the rare opportunity to study under Public Service Professor James Steiner, a 36-year veteran of the Central Intelligence Agency. At the CIA, Steiner held leadership positions in a number of directorates, overseeing analysis in counterterrorism, narcotics, and Soviet industry. Before coming to Rockefeller College, Steiner had been a CIA Officer-in-Residence at Georgetown University. Steiner’s Rockefeller College students note that he has helped them demystify the job market of the US Intelligence Community (IC). Though Steiner’s involvement in the intelligence world has ended, his concern for the agency’s capacity has not. Steiner has just published an article on state-level intelligence functions in the CIA’s Studies in Intelligence, the IC’s preeminent journal for practitioners.

New Faculty Join the Security Team

Rockefeller College’s expansion includes new faculty in areas of security and intelligence policy. Assistant Professors Bryan Early and Kathleen Deloughery, a political scientist and economist, respectively, are scholars in the areas of terrorism and counterterrorism, nonproliferation, and international security. Early is studying nuclear and radiological terrorism. Early conducted research at Harvard University’s Belfer Center for Science and International Affairs, and the University of Georgia’s Center for International Trade and Security before joining the College. Deloughery was a US Department of Homeland Security Fellow studying how terrorist organizations select targets and affect national election outcomes. A current project examines the effect that the density of terrorist organizations in a region has on the number and character of terrorist attacks perpetrated by any group in the region.

Security Program Graduates

Brian Nussbaum, PhD ’09 earned his doctorate while employed as an intelligence analyst with the New York State Office of Homeland Security. Brian was assigned to the New York State Intelligence Center (NYSIC), where intelligence and law enforcement officials at all levels of government work jointly to share intelligence and coordinate intergovernmental management of homeland security. Brian’s dissertation, “Protecting Global Cities: New York, London and the Internationalization of Urban Counterterrorism,” focused on the counterterrorism efforts and intelligence gathering of municipal police agencies in the US and the UK. His research and professional experience underscore the idea that security issues are much more than a national policy responsibility. Brian plans to extend his research on the development of state and local counterterrorism and intelligence functions, while teaching at Bridgewater State College in Massachusetts.

Kyle Ketcham, MPA ’09 completed an internship with the NYS Emergency Management Office and is now employed in the planning office of the agency. Ketcham helps develop technical assistance programs for local government, state- and federal emergency response plans, and coursework and training in statewide planning. Kyle’s preparation in analytic methods and bureaucratic politics and process has been particularly instrumental in policy analysis projects assigned at NYSEMO. He has worked with a group analyzing existing federal and state emergency response planning structures in order to identify weaknesses and bring the two into better alignment.

Ian Anderson, MPA ’09 has been the research director at Rockefeller College’s Project on Violent Conflict for the past year. Anderson completed the security studies concentration at Rockefeller, focusing on terrorism, intelligence analysis, and foreign policy. Anderson has published his research on terrorism in the Journal of Applied Security Research, and has presented his findings at academic conferences. In his capacity as research director, Anderson exercises day-to-day management of the center’s research projects and research staff.
Important research on a wide variety of topical issues is happening every day at Rockefeller College's affiliated research centers and programs. Dozens of Rockefeller faculty, staff, and students collaborate on research that advances the understanding and implementation of public policy initiatives at all levels of government in the United States and abroad. Here, we share some of our most recent program and research activities.

**CENTER FOR INTERNATIONAL DEVELOPMENT**

**Baskin Briefs Ambassador-Designates**
Senior Associate for Academic Affairs at the Center for International Development, Mark A. Baskin, also a research professor for Rockefeller College of Public Affairs and Policy, briefed US Ambassador-Designate to Kosovo Christopher Dell on the position of minorities in Kosovo, particularly since Kosovo won its independence in early 2008. Baskin has been conducting research about the former Yugoslavia and Kosovo for the past thirty years. In 1999 and 2000, he worked as the UN Deputy Regional Administrator and Municipal Administrator in Prizren, Kosovo. In December, Baskin will brief US Ambassador-Designate to Serbia, Mary Warlick, on the current state of Serbian politics and Serbia's role in the Balkans. Baskin is also project director for the “Separation of Powers Project” component on the National Assembly. CID is assisting the National Assembly of Serbia to strengthen its capacity for strategic planning and management of its own institutional resources.

**Helping MPs “Tune In” to the Public**
CID has partnered with media development organization Internews to bring the work of the National Assembly of Afghanistan to citizens through the Afghanistan Parliamentary Assistance Project (APAP). Every Thursday morning, Afghans tune in to Meet Your Representative, a collaborative radio program during which Afghan parliamentarians are interviewed about current legislative issues. Participants take questions from constituents on a wide variety of topics, from school closures to police abuses. Because the program is a radio broadcast, it reaches Afghans in the most remote provinces where almost every household owns a battery-operated radio. In this effort, SUNY/CID is helping to make the Afghan Parliament a real and consequential entity in the minds of ordinary Afghans.

**Center Supports Opening of Parliamentary Visitors’ Center in Bosnia and Herzegovina**
The state-level parliament of Bosnia and Herzegovina is much more welcoming, thanks to the inauguration of a new visitors’ center. The brainchild of the Head of Parliamentary Public Relations Zlatko Vukmirovic, and his assistant, Enra Soldo, the center opened on September 30, with the support of SUNY/CID’s Parliamentary Strengthening Project in Bosnia and Herzegovina. SUNY/CID’s parliamentary project financed the new center’s soundproofing measures, technical equipment, and furniture.

**Serbia Separation of Powers Project**
SUNY/CID held a workshop October 22-24 in which Serbian senior administrative staff and key MPs made a commitment to move forward with establishing a budget office and beginning a process of strategic planning. These two developments will strengthen the capacity of the National Assembly of the Republic of Serbia to manage its own affairs more effectively and without interference from the executive, thereby providing a basis for greater autonomy in policymaking and oversight of the executive.

**SUNY/CID Thanked for Legislative Strengthening Work in Morocco**
On September 28, 2009, the five-year Legislative Strengthening Project in Morocco supported by SUNY/CID was honored with a closing ceremony attended by high-ranking members of the Moroccan Parliament, American diplomats, and representatives of the United States Agency for International Development. The mandate for SUNY/CID focused on identifying avenues for enhancing advocacy efforts before the Parliament. Two initiatives in particular, spearheaded by SUNY/CID, helped to facilitate greater parliamentary involvement in the budget process.

**CENTER FOR LEGISLATIVE DEVELOPMENT**

**Lebanon Project**
The Center for Legislative Development (CLD) was awarded $9.3 million by the United States Agency for International Development (USAID) last fall to initiate “Assistance to Sustain Local Democratic Practices in Lebanon: Strengthening Foundations for Governance.” This three-year program builds on CLD’s previous technical assistance and training for local municipalities and for some executive agencies of Lebanon. The Center for Legislative Development has been working in Lebanon since 1993.
Current activities with municipalities and regional governments include implementation and training on various financial, administrative, and global positioning software systems — all developed and installed by CLD.

One of the newest systems was developed to manage health benefits for employees and retirees of the municipality of Beirut. CLD is also helping municipalities to operationalize a Municipal Geographic Information System (MGIS). This system allows officials to produce accurate records so that Lebanon can map municipal physical infrastructure, a prerequisite for effective urban planning.

A third new system will integrate local municipal government data with nationally mandated reporting systems such as personal income taxes, including issuing individual taxpayer registration (aka identification) numbers.

**Major Research on Impaired Driving Completed**

The Institute recently completed a major impaired driving research project using a multi-method approach that included the development of a computer simulation model of the impaired driving system; a statewide telephone survey of 865 drivers in New York State; and 18 focus groups with persons convicted of impaired driving. The primary purpose of the research was to establish a reasonable estimate of the extent to which New York State motorists drink and drive, including the number of instances of impaired driving that occur every day and the proportion of these instances that result in an arrest. The findings from this study will contribute to the international body of research on how many motorists drink and drive, the frequency with which they engage in this behavior, and the likelihood of arrest.

**Institute Receives Governor’s Award**

This fall, the Institute for Traffic Safety Management and Research was the recipient of the Governor’s Traffic Safety Committee’s Chairman’s Award for its contributions to improving highway safety in New York State. The award was accepted by Institute Director Debra Rood at the Annual New York State Highway Safety Conference held in Saratoga Springs, NY, October 18-20.

**PROFESSIONAL DEVELOPMENT PROGRAM**

**PDP Honored for Work with the NYS Office of Children and Family Services**

On September 24, 2009, the department of Computer Training Services (DCTS) of the Professional Development Program (PDP) was recognized at the Government Technology Conference for its contributions to the Juvenile Justice Information System and the Commission for the Blind and Visually Handicapped Consumer Information System. The Juvenile Justice Information System is designed to enhance and automate case management features surrounding juvenile justice youth in care. The Professional Development Program has been involved in the project since its inception, providing needs assessment, curriculum development, quality assurance, classroom and online training delivery, technical assistance, and evaluation services.

The Commission for the Blind and Visually Handicapped (CBVH) Consumer Information System is a paperless system which transformed CBVH operations and business functions. The system links CBVH with 18 private agencies that provide vocational rehabilitation, employment services, children’s services, and services that support independent living for citizens with varying degrees of visual impairments.

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In Abraham Lincoln, George McGovern offers a unique insight into the 16th president, and shows how Lincoln sometimes went astray, particularly in his restrictions on civil liberties, and how he adjusted and transformed the Civil War from a political dispute to a moral crusade. Before a standing room only crowd in University Hall, Professor Miroff asked Senator McGovern to share insights about his hero.

**Q:** I think our audience will want to hear not only your perspective on Lincoln’s life, and especially his presidency, but also how your own political life might have shaped your views of him. Lincoln was a product of the American prairies as are you. Do you view him as having distinctive qualities, character, or virtues that reflect particular facets of a prairie upbringing?

**A:** As an educator, which I was for a while, I’m tremendously impressed with what he did with very meager tools to educate himself. I had known before I started this book that he only had a couple of years of formal education, but in that two years, maybe a year and a half, he learned how to read and he learned how to write and he never quit. He read everything he could get his hands on. I feel a little bit guilty. I live in a rather modest house back in Mitchell, South Dakota, but I must have 2000 books, at the very least, in that house. Lincoln had to content himself for a while with the King James Version of the Bible, which he mastered. His father was a hardworking farmer and Lincoln didn’t like farming. I don’t know whether in his speeches he made as many references to farming as I do – you know running for office in South Dakota – but he didn’t like it. He didn’t like farming. So his father would give him an assignment. His father would become highly irritated when he found Lincoln leaning against a tree reading a book in the middle of the afternoon. He kept that up all of his life. So I admire that quality in him a great deal. I’ve also prided myself on trying to write as well I can. Lincoln worked on that very hard. When he had a speech to give, sometimes he’d work on it for two or three weeks, reading and then polishing, and adding and taking away. When he became president, he’d call in one or more members of his cabinet and he would have that person read his speech draft and then he’d take notes on something that jarred his ear. Then he would get up and deliver the speech and ask Secretary Seward or whoever was the critic for that particular speech to comment on it. That great phrase from the first inaugural, where Lincoln ends a dramatic buildup by appealing, telling the American people, he “appeals to the better angels of their nature.” Great phrase! I wish I’d have thought of that. Seward thought of that line, not Lincoln. He said to Lincoln, “I think that particular phrase that you have is a little flat, a little dull.” And so Lincoln said, “What would you suggest?” He said, “I’d end that by an appeal to the better angels of our natures.” So you see, it shows you can learn from subordinates.

**Q:** In your book, you emphasize Lincoln was an ambitious man and a career politician. What do we miss if we regard Lincoln only as an idealist or as a humanitarian figure?

**A:** I think for one thing you would miss the fact that he was a very shrewd politician. We all know that he was a statesman. We all know that he had a vision of the kind of America he wanted us to be. But he was also a very clever politician. The way he handled the slavery issue was not the way that a completely dedicated 100% idealist would handle it. When he was trying to convince the South that they should stay in the Union, he said that if he could save the Union by freeing none of the slaves, he would do that, but the Union had to prevail. Or, if he could save the Union by freeing some of the slaves, he would do that, but the Union must prevail. Now the Abolitionists thought that was a copout. If
you’re against slavery they thought, for God’s sake, say it and join with us. Let’s free these slaves today. Not Lincoln, the politician who was desperately eager to keep the South in the United States. That’s just one example. He lifted the Writ of Habeas Corpus during the war – not the work of an idealist – as a violation of the law and of the Constitution. He closed down several prominent newspapers because he thought they were excessively critical of the administration – not the work of an idealist. But he was a great humanitarian. He was a great statesman as well as an adroit politician.

Q: During the Vietnam War, you eloquently spoke of the terrible suffering on both the American and Vietnamese sides. You wrote the following in your book: “Lincoln sought to embrace the suffering of others rather than distance himself from it. He mourned those men who lost their lives, and as the death tolls reached unimaginable numbers, his grief became nearly unbearable.” How did Lincoln cope with the horrors of the war in which he was the Commander-in-Chief on the Union side?

A: Some biographers scarcely mention that fact that Lincoln suffered from what we would call clinical depression. He called it melancholy. The doctors in those days didn’t even know what depression was, but Lincoln did. He suffered from it from early manhood until the day he died. And it was a frightful affliction. It was so bad, that many times he seriously considered suicide. When he was in the Illinois State Senate, he told one of his colleagues that he no longer carried a jackknife for fear that at one of these moments in deep despondency, he would use the jackknife to slit his throat. When he was 35 years old, he told his law partner, Bill Herndon, “I think I may be the most miserable man on this planet.” And so, that’s the way it was. No medical help. They had none of the drugs that we have today, no Paxil, no Lithium, no electric shock therapy. None of that. And so he was a very sad, and sometimes deeply depressed, human being. It’s hard to find a photograph of Lincoln where he’s smiling. He thought he had a very ugly face. I didn’t think so. I always thought Lincoln had a noble face but it was a face that wasn’t brimming with smiles. So, I think his own suffering gave him identification with people who were suffering for various reasons. He lost two of his sons while they were just young boys in the White House and those things put him into deep, deep despondency. I think that is one of the things that enabled him to identify with the soldiers. That was a terrible war, just an awful war. Six hundred thousand young guys killed and at least that many who lost legs, or arms, or who were crippled in one way or another. It was the bloodiest war in American history. That 600,000 dead is just about the same as the number of Americans who died in WWI and WWII combined. And, of course, the figure was so high because everyone who was killed on both sides was an American. So, it was awful. Lincoln spent a lot of time in the battle areas visiting troops and he frequently slept in the Soldiers’ Home in Washington, DC. I think he spent 42 nights there in one year and he enjoyed being around soldiers and he empathized with their suffering, whether they were Southerners or Northerners. He said several times about the South, “Well, when this war is over, let’s let ‘em up easy,” meaning the South. It’s too bad he didn’t live to direct the Reconstruction after the war.

Q: President Obama has clearly shown a great interest in his fellow Illinoisan, President Abraham Lincoln. Do you see in Obama some of the promise of some of the things that we see realized in Abraham Lincoln as President?

A: Well, I think so. You know the fact that the American people elected a black man as president of the United States, that’s a tremendous victory for Americans, that after all these years we’re willing to elect a black president. We came very close to nominating for the first time a woman for the Democratic nominee for president, and possibly the next president if that had happened. In 2008 two big barriers, I think, were broken, the barrier on race and the barrier on gender. Hillary in effect broke that barrier by coming within an inch of becoming the nominee. Those were great victories Lincoln would have applauded.

George McGovern, the son of a South Dakota Presbyterian-Methodist minister, was appointed by President John F. Kennedy in 1961 as director of the Food for Peace program. After two terms in the House, he was elected United States Senator from South Dakota. During his time in the Senate, he launched two presidential bids, including his first run in 1968, which ended in a primary loss to Hubert Humphrey, and the subsequent loss to Richard Nixon in 1972. President Gerald Ford named McGovern to the United Nations General Assembly in 1976, and two years later President Jimmy Carter named him a United Nations delegate for the Special Session on Disarmament. He left the Senate in 1980. In 2001, McGovern became the UN Ambassador on World Hunger and, in 2008, he and Senator Bob Dole became World Food Prize Laureates for their campaigns to end global hunger. Senator McGovern, a recipient of the Presidential Medal of Freedom, lives in Mitchell, South Dakota.
Can Speculative Bubbles Be Managed? (continued from page 1)

In the strong form of market fundamentalism, it is assumed that asset prices always reflect the asset’s true value, leaving no room for the existence of bubbles. Any major price swing is explained as a response to events outside the market, such as a war, or the weather (referred to as an exogenous shock). In its weak form, market fundamentalism, as seen in Alan Greenspan’s quotes above, generally accepts that bubbles may occur in rare instances. In these instances, values are distorted by some exogenous shock to the market. But as Greenspan explains, you can’t tell that it was a bubble until after it’s popped and it’s better to trust the judgment of investors and bankers than to act to inhibit exuberance or manic investor behavior. The three major weaknesses in this kind of thinking are 1) its reliance on exogenous shocks obscures the endogenous weaknesses in the market, 2) its assumption of equilibrium leads to a false sense of financial stability, and 3) its focus on crowd psychology conceals the role of institutions in speculative bubbles. The next theory speaks to these weaknesses.

Bubble Construction Perspective. In this perspective, social actors define the market and condition its stability. Thus, it is the market professionals pushing innovations and insider speculators who create the bubble, rather than the irrational herd of manic victims. In the same vein, it is state sponsorship of easy credit and lax regulation that fosters instability. In other words, markets work because of the structure of formal and informal constraints constructed to tame them. Without this social infrastructure, markets are self-immolating.

The bubble construction perspective emphasizes the structural conditions that facilitate bubble construction by market professionals and insider speculators. Comparative historical research suggests that speculative bubbles have three recurrent features. The first is the creation of financial innovations whose risks are poorly understood and whose complexities can be exploited fraudulently. In recent years, these have included securitization and off-balance sheet accounting. The second feature is lax regulation and low penalties. These failures of the state signal to market professionals that they are free to test the limits of opportunism. The final necessary feature is easy money. Bubbles occur under conditions of easily available credit. In the current bubble economy, this has meant prolonged periods of low interest rates. Both Federal Reserve policy and the glut of Chinese investment have contributed to this.

Ideas, as Weber indicated, can often embody the interests and events of the moment, creating a new image of the world and switching the direction of history.

Why Do Bubbles Still Occur?
I have no illusions that the Bubble Construction Perspective is going to be adopted by our economic policymakers. The Bubble Construction Perspective is adequate to manage speculative bubbles by providing guidance for policymakers to inhibit speculative excess. Even if this idea remains outside the dominant paradigm, policymakers still have economic history and institutional memory to remind them of the legacy of past bubbles and their consequences. But history is notoriously ignored and institutional memory is undependable as older members leave the organization. Although policymakers were fixated on not repeating 1929 during the postwar years, by 1980 it was the Great Inflation rather than the Great Depression that was foremost in their minds. It was at this historical moment that market fundamentalism came to be the dominant ideology. In the following section, I will discuss how market fundamentalism came to pervade American economic policymaking. This is an argument about ideas and policymaking. But, I will not claim that ideas alone determine policy. Rather, I will show that ideas are in a constant interplay with interests and events. Ideas, as Weber indicated, can often embody the interests and events of the moment, creating a new image of the world and switching the direction of history. The institutional approach used here identifies three factors influencing the adoption of ideas. These factors reflect the power of organized actors, e.g., professions, political parties, and technocrats, to create institutional pressures on national economic policy. In this essay, I focus on policymaking at one organization, the US Federal Reserve. During the recent bubble economy, the Fed has been responsible for controlling the money supply and regulating the largest bank holding companies. It is central to understanding the enactment and management of bubbles.

The Role of Professional Economics. The consensus on Keynesianism had dissolved in the 1970s and competing versions of market fundamentalism had risen to fill the vacuum. Heilbroner and Milberg identify four analytical weaknesses in Keynesianism that led to its unraveling within the academic field of economics. First, was its inability to offer a theory of inflation. Second, was its failure to predict or explain the stagflation that plagued the United States in the 1970s. Third, was the relatively limited efficacy accorded monetary policy at the time. Finally, Keynesian behavioral assumptions about the macro-economy are at odds with previous and current rational maximizing assumptions of microeconomics. All these weaknesses opened the door to an assault on Keynesianism, an effort by policymakers to “unlearn” it, and a return to the market rather than the state as the solution to problems.

The Nature of National Political Discourse. Starting in the mid-1970s, during the Carter administration, the nature of political discourse began to shift toward deregulation of the economy and market-centered policymaking. This discourse was a response to the steep recession of 1974-1975 and the stagflation mentioned...
Come January, there will be lots of new faces around the Capitol. And a good many of them will be Rockefeller College students who have landed full-time, semester-long assignments in the New York State Assembly’s highly regarded annual Session Internship Program. Each year, the Assembly offers up to 150 undergraduates an opportunity to get involved in state government and gain firsthand knowledge of the legislative process. Interns complete an orientation, are enrolled in a course taught by intern committee faculty, and attend weekly issue-oriented policy forums where they’ll have the opportunity to hear from and interact with state leaders, policymakers, and Assembly senior staff. From January through May, interns work full-time for one member of the Assembly, conducting research and carrying out administrative duties. Most colleges grant session interns a full semester of credit.

“The New York State Assembly Internship Program can truly be a life-changing experience.”

-Associate Professor Helen Desfosses

The Assembly also provides full-time research or policy analysis internships to ten graduate students. Graduate scholars’ responsibilities can include: fiscal analysis of proposed legislation and program budgets, researching and drafting bills and memos, and preparing background papers and reports. Approximately one-third of graduate participants continue their careers at the Legislature or move into other positions in state government.

Melanie Strange, a second semester UAlbany graduate student working toward her MPH in health policy and management, considers an internship at the Capitol a huge draw for a graduate student with aspirations to work in public policy. “I’ve heard from so many people what a terrific program this is. It has a great reputation for providing hands-on experience,” she added.

Another element of the Assembly internship that makes it particularly appealing to students is the ability to earn while they learn. Undergraduate interns receive a stipend of $4,140. Graduate scholars are paid $11,500 for a six-month assignment from January to June. To be eligible, students must be either undergraduates matriculated in a college degree program, currently enrolled graduate students, or recent recipients of a graduate degree. Applications for the spring 2010 semester were due October 30. Successful candidates will be announced in December.

Dr. Helen R. Desfosses, associate professor of public administration and policy and African studies, is Professor-in-Residence for the Assembly program. Dr. Desfosses is an expert in the legislative process. “Rockefeller College students make a tremendous contribution to the Assembly Internship Program, and its benefits for them are incalculable. Every year I enjoy watching the expansion of their knowledge base about state government, the development of their commitment to public service, and the career opportunities that open up for many of them in the legislature, state agencies, and even national and international organizations. For many Rockefeller College graduate students and undergraduates, the New York State Assembly Internship Program can truly be a life-changing experience,” said Dr. Desfosses.

Rockefeller College has always enjoyed a special relationship with the Assembly program. Located just a few blocks from the Capitol and Legislative Office Building, the nationally-ranked public affairs school has a long history of preparing individuals for careers in state government and, through the work of its faculty and research centers, has been a close collaborator with numerous state agencies and legislative committees. Every year, a number of students from Rockefeller College are accepted as session interns. In 2009, four out of 10 graduate interns were from the University at Albany, and the program’s graduate assistant also came from Rockefeller College. On the undergraduate level, 66 of 132 Assembly interns were from UAlbany. The overwhelming proportion of those 66 were Rockefeller College majors in political science and public policy.

Dr. Roman Hedges is faculty advisor for the internship program. A former associate professor of political science at Rockefeller College, Dr. Hedges served as Deputy Secretary of the Assembly Committee on Ways and Means for more than 15 years. He explained that expectations are high for the students who are chosen. “Assembly members and their staffs really rely on their interns to get the job done. They think of them as workers, not students,” said Hedges. “It’s a one-of-a-kind stellar internship program that you’re not going to get anywhere else.”
Can Speculative Bubbles Be Managed? (continued from page 16)

above. There emerged a congruence between ideas and circumstances. Under President Reagan, a master communicator, these ideas had a skilled interpreter. The deregulation movement escalated into frenzied opposition to state intervention, or anti-statism. The discourse of anti-statism held sway for nearly thirty years. At the Fed, policymakers adopted a form of monetarist policy to bring down inflation. The policy had newfound legitimacy because it presumably reduced the discretion of policymakers and trusted the rationality of the market. Later, under Greenspan, the Fed loosened regulation of the banking sector and took a laissez-faire attitude toward irrational exuberance as described in the quote at the beginning of the essay. Greenspan was a master of framing, explaining soaring value of stocks in the dot.com bubble as reflective of increases in productivity. National political discourse became resolutely market fundamentalist and skeptics were marginalized.

Receptiveness of State Structures. With the Keynesian unraveling, particularly the discrediting of the Phillips curve, the technical experts at the Fed fell back on the standard operating model of central banking. At the same time, the discrediting of fiscal policy seemed to leave the Fed in charge of the economy. The critique of Keynesian demand management was congruent with the Fed’s capacity for managing the money supply. This unintentionally concentrated more authority in the Fed and put it center stage. By 1999, the passage of the Financial Services Modernization Act and the chairmanship of Alan Greenspan, a market fundamentalist by inclination, insured that banks would enjoy lax regulation and bubbles would not be spotted in advance. The Fed became increasingly reluctant to follow former Chairman Martin’s dictum that its job was “to take away the punchbowl just when the party gets going.”

Conclusion

This failure of the Fed to do its job brings us back to the original question, “Can speculative bubbles be managed?” My answer is yes and no. “Yes,” because we have the knowledge needed to inhibit the worst excesses of a speculative binge. We know that extremes of lax regulations with low penalties, information asymmetries in financial innovations, and easy money are the conditions making economies susceptible to bubbles. Indicators of trading volume, proliferation of new instruments, leverage levels, and market participation by newcomers can all be monitored. Strengthening regulatory agencies and practicing more vigorous, countercyclical monetary policy are well within current organizational capabilities.

But, in the end, I will favor “no” because it seems likely that the institutional factors identified here will be a repeating motif in capitalism. The discourse of market fundamentalism may be repressed, as it was in the Keynesian revolution, but it is likely to reemerge and be championed by institutional entrepreneurs like Ronald Reagan and Margaret Thatcher, backed by political and economic interests. The resonance of this discourse may be seen in the current political difficulties of the Obama administration. Institutional factors, as we know, don’t change easily. Major changes in economic policy call for shifts in academic economics and regulatory practice supported by an institutional entrepreneur with consummate rhetorical skill and impeccable timing. At this point, significant institutional change does not seem probable.

This quote is taken from Greenspan’s appearance before the Joint Economic Committee of Congress in June of 1999. (Cited in Zandi 2009:70).


Rockefeller College is pleased to welcome Jennifer Williams as Director of Internships and Career Programs. Williams will head up the Office of Career & Alumni Programs, providing comprehensive career counseling services to students and alumni. Before coming to Rockefeller College, Jennifer Williams worked as a career counselor in the Cooperative Education and Career Services Office at Pace University. Her experience includes working in the Academic Advising Office at Ellis College of New York Institute of Technology and the Career Services Office at the University of Connecticut (UConn). Williams attended UConn, where she earned an MA in Higher Education Student Affairs from the Neag School of Education and a BA in Psychology. Throughout her career, Jennifer has participated in many professional organizations, including the American College Personnel Association, the Metropolitan New York City Career Planning Officers Association, and the National Association of Student Personnel Administrators.

Director of Internships and Career Programs Jennifer Williams
WHAT A DIFFERENCE A YEAR CAN MAKE

The Center for Financial Market Regulation (CFMR) has had a very successful year, reaching a number of the organization's developmental milestones. CFMR, co-directed by Rockefeller College and now designated as a University Center, is a cooperative project of the University at Albany, Albany Law School, the financial services industry, regulatory organizations, and major law firms. With the academic program thriving, CMFR's attention is now on helping students find their footing in the field and building a research agenda. CMFR has flourished in both respects. Current students have been selected for highly competitive internships, and graduates have landed outstanding professional positions.

Matthew Opanowski is an undergraduate major in financial market regulation who received a coveted UBS summer internship in 2009. Donald Boyce, a 2008 graduate of the combined BA-MPA, now holds a position with FINRA, the Financial Industry Regulatory Authority. Students have earned the opportunity to participate in the community of financial market professionals. Undergraduate Valerie Sourbeer had the chance to attend a seminar given by the Compliance and Legal Division of the Securities Industry and Financial Markets Association (SIFMA) in New York City this November along with program co-director David McCaffrey. Attending events like the SIFMA conference is a key component of the program.

Academic and practitioner collaboration is a defining feature of CMFR, fostering connections between the classroom and the issues that professionals grapple with daily. The CMFR research agenda has also had remarkable success. Faculty have won an $800,000 NSF grant to study and develop a curriculum focused on the essential role of computational thinking in financial market regulation. Co-directors David McCaffrey and Christine Sgarlata Chung have a proposal under review at the National Science Foundation to study the conditions under which internal control systems of financial market firms effectively manage risk and regulatory compliance when dealing with complex financial instruments.

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The CMFR represents the best things an academic program has to offer – the ability to deal with pressing public policy issues by connecting the skills and knowledge of academics and professionals, and the expertise to prepare a cadre of well-trained, ethical, and informed professionals to carry the work forward.
Former US Congressmen Visit Rockefeller College

On October 7 and 8, political science students at Rockefeller College had the rare opportunity to interact with two former members of Congress. Over the course of their two-day visit, Glen Browder (D-AL, 1989-1997) and Steven T. Kuykendall (R-CA, 1999-2001) spoke to undergraduate classes; met with members of the National Political Science Honor Society, Pi Sigma Alpha; and attended an afternoon tea with graduate students.

Founded by the US Association of Former Members of Congress (USAFMC) in 1976 as a means to improve students’ understanding of American government and encourage careers in public service, the Congress to Campus program sends bipartisan pairs of former US Congressmen to colleges and universities to share their real-life experiences as candidates and office holders in a representative democracy.

“The Congress to Campus program provides our students with an exciting opportunity to engage our civic leaders in a direct and personal way. Students see firsthand how what they learn in the classroom applies to some of the most important public policy questions of the day,” said David Rousseau, chair of the Department of Political Science at Rockefeller College. “They get to see two people who obviously are not in the same party and yet we can still discuss issues and bring our points of view to bear,” explained Steve Kuykendall, a former Marine who served on the Armed Services Committee, the Science Committee, and the Transportation and Infrastructure Committee while in the House. “We like to show them that Washington can go beyond partisanship.”

Glen Browder spent eight years in Congress. Prior to that he served as Alabama’s Secretary of State and as a state legislator. Today he’s an author and Professor Emeritus of American Democracy at Jacksonville State University in Alabama. Browder pointed out that the association does not instruct members on what to say to students, nor does it pay the former representatives for participating in the program. “They just ask us to think about the mission of making these people aware that the Congress is made up of human beings and to encourage them to civic service,” said Browder.

Second year PhD student and Rockefeller College undergraduate internship coordinator, Patrick Smith, escorted the former Congressmen to the graduate tea. “The students really enjoyed having the chance to talk to them about the real world consequences of what we’re studying in theory,” Smith commented.

Rockefeller College instructors Anne Hildreth and Cecilia Ferradino’s undergraduate class posed questions to the two former representatives about a wide range of issues including: the wars in Iraq and Afghanistan, healthcare policy, homeland security, and prayer in schools. She was struck by how approachable Browder and Kuykendall were. “They really made an effort to get to know the students in the limited time they were there,” said Ferradino.

Brendan Pendergast, a senior political science major from Albany, engaged Browder and Kuykendall in a conversation about why Congress consistently gets low marks in public opinion polls. He was pleased the former lawmakers would come to campus to answer tough questions from students, and put a face to Congress. “I hope that students will continue to be attuned to opportunities on campus to go and listen to public officials. Paul Krugman is going to be here on Friday. Colin Powell is going to be here on Saturday. It’s great that we have this opportunity at UAlbany to have people like that come in and I hope students take advantage of it,” said Pendergast.

Congressman Browder is optimistic that his visit to Rockefeller College will inspire students to public service. “When we talk to these young people, they realize you don’t have to be born a famous person, or be rich, or be a Kennedy, or somebody like that to serve your country. I think the stories of our origins and our experiences probably convince some of them and light that spark that I can serve my country too.”

Cecilia Ferradino agrees. “I hope that the students realized that elected office, on any level, is not only an honorable, but very critical calling if we as a nation want to keep enjoying the freedoms we currently have. I think that our guests showed that Congress is comprised of everyday people. I have to believe that the political seed was planted in a few students.”