

EDITOR'S NOTES

We will miss Jude Nixon, our editor, who has taken a position at Salem University in Massachusetts. Jude produced some of the finest Journal issues, and he was an excellent companion at our meetings. He served as editor from fall 2007 to July of this year. In addition to guiding the Journal, he led the Honors College to a tremendous growth, and several of his students have written for us. To fill the sudden void caused by his departure, I have been elected to serve as interim editor until we begin our search and succeed in finding a new regular editor.

We have a few offerings this issue, but they are excellent and thoroughly developed. We lead with two engrossing accounts of the Kent State massacre in 1970 by brothers Gordon and Gary Shepherd. You will be intrigued by how the Shepherds involved themselves in the lives of the Kent State radicals, this gives a first hand story of what has become of them. Gary then gives an in depth unfolding of the events leading up to the shootings and the killings themselves. We all know that this was a momentous and consequential happening during the Vietnam War years, and the Shepherds know the story well. Importantly they met and learned from the people who lived through Kent State and are making the best of their lives today.

Bill Byrne, who has become our reliable humorist, then provides a comic relief. In "How to Tawk Noo Yawk", he displays a grasp of regional idioms in America focusing on his original home town. He promises that if you practice his list of Noo Yawkisms you will be able to fake it on your next trip to the Big Apple.

Following a short poem, "Shot Through the Heart", by Pamela Light our Oakland alum, we introduce a thoughtful explanation of the recent financial crisis by Austin Murphy, Professor of Finance in Oakland's School of Business Administration. His premise is that the culprit was the mispricing on Credit Default Swaps (CDSs), which at first introduction must

sound esoteric. But his explanations are in accessible and clear terms. CDSs are simply a kind of insurance for an investor to offset losses in case his investments, like mortgages, default. He says that by underpricing them the insurers did not prepare properly for the chance that the whole market might go sour, which of course it did. He blames the disaster that followed on the financial mathematical wizards, the “quant heads”, who lost sight of human intuition. This paper is one of the top ten most downloaded papers on the Social Science Research Network, which is the major paper swapping system internationally for business and economics.

While Austin does not name quant heads specifically, I tell the story of three of them in the following article. Black, Merton and Scholes are probably the quantest of quant heads. Their financial and economic wizardry won the Nobel Prize in Economics for Merton and Scholes. Their tour de force was to invent an equation that would price options and in the process eliminate all risk in a portfolio of investments. Their hubris was to believe that the mathematical assumptions of their model were the same as the human behavior of the market. Their investment company, LTCM, produced a disaster that is a case study in the neglect of the human element and a foreshadowing of the events of 2008.

Three poems by Sean Kilpatrick, a free lance writer and poet in the Detroit area, then lead into an article by Dolly Kefgen called “Signing Statements: History and Issues”. Signing statements are commentaries by the President on signing a bill, these are then printed in the Federal Register. Presidents have used them in the past sometimes to vow that they would not execute portions of a given bill or to deny the constitutionality of a section. George W. Bush used these hugely during the conduct of the war on terrorism. Are signing statements legal? Are they ethical? Ms. Kefgen shows that there are arguments on both sides of the issue. This subject is especially relevant at present, because President Obama has taken to writing them.

In the final piece, I take my role as a health economist

to explain the basic elements of the health reform plans before Congress and to relate some of the ideas known to researchers in the field but not well known to the public at large. For example, health insurance companies can charge overly large premiums and engage in sharp underwriting practices, but they are not the cause of U.S. health costs per capita being nearly twice that of other developed countries. And the “public option”, which causes great hopes in some and great fears in others, would probably be ho hum if put into practice. This journal is going to press in late August, but given the stops and starts of the Congressional debate so far it will probably be on time to provide a guide to an ongoing legislative process when this Journal reaches you.

We feel that we have picked fine and stimulating articles this issue. We hope that you enjoy them.