Susan Athey garnered worldwide attention last week when she became the first woman to win one of the economics profession's major prizes. But her academic bona fides were already well established in Canada -- as the professor who helped design lucrative timber auctions that helped take some of the sting out of a long-standing trade dispute with the United States.

The 36-year-old Harvard University professor made history on Friday when she won the prestigious John Bates Clark Medal, awarded every two years to the United States's most promising economist under the age of 40.

"It's pretty incredible," Dr. Athey said yesterday in a telephone interview from her home in Cambridge, Mass., just after she and her husband succeeded in putting their two young children down for an afternoon nap. "It's kind of awe-inspiring to be able to make history in that way."

Of the 29 previous winners of the Bates medal, 11 have gone on to win the Nobel Prize in economics.

"To the extent that I become a role model for younger women, that's really exciting," she said. "It's hard to believe it's me that's being the role model."

It's certainly a long way from sixth grade in Rockville, Md., where being smart was a form of social curse. In that year, a boy she liked snatched her math book and wrote on the back of it: "You're cute. Too bad you're a brain."
Going to Duke University at the age of 16 made her realize how important it was to be in an environment where academia was valued. Her brilliance was not unexpected: her father Whit Athey, a retired physicist, loves math and science. And her sister, Jennifer, who is 17 months older, is a psychiatrist.

When she graduated with a PhD from Stanford Graduate School of Business at the age of 24, she was labelled the hottest prospect among the new PhDs in economics moving to high-powered research departments as assistant professors.

Dr. Athey's dissertation -- what academics commonly refer to as "job papers" -- is what got her noticed. In it, she came up with an improved method of analyzing risk in business decisions. It helped economists answer questions such as what type of exchange-rate risk would make a company want to reduce its foreign investments. It also eventually led to her specialty in designing auctions and figuring out how the rules of the game affect the outcome.

Bob Friesen, assistant deputy minister of tenure and revenue for the B.C. Ministry of Forests and Range, hired Dr. Athey in 2004 to set up an auction-based system for timber.

"We wanted to make sure that we had a world expert so the system would be a sound system that wasn't under attack," Mr. Friesen said in a telephone interview from his home in Victoria yesterday.

With British Columbia's comparative-value pricing system, the province had established stumpage prices, which is the fee the province collects from lumber companies in return for the right to cut down trees.

"What we wanted to do is tie much more closely to the price of trees," said Mr. Friesen. "So by selling a certain volume of standing trees at auction, we can then establish what other standing trees are worth."

Dr. Athey analyzed data from auctions and applied it to a statistical model. That helped the B.C. timber market move toward a market-pricing system. "Once you have those prices [at auction], those prices can be used as a benchmark for setting prices on timber that cannot be sold by auction," she explained. "What you want is something that reflects the price that a private landowner might receive."

In 2006, British Columbia collected about $1.1-billion of annual revenue from timber sales, she said. Those auctions also helped Canada calm a major trade dispute with the United States, which has long accused Ottawa of subsidizing timber exports.

Yesterday, Dr. Athey said she feels blessed by what she has been able to accomplish, including her family. She is married to fellow Harvard economist Guido Imbens, and has two children, three-year-old Carleton and nine-month old Annalise.

"The first generation of women who really rose to the top of the profession had to make a lot of sacrifices - almost none of them had families," she said. "My cohort is broadly defined, I'm one of the first ones to both have families and succeed as academics. It's certainly a challenge to accomplish that."

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