

Economics Department Advisory Group meeting
Hyde Hall
8 April 2016

Meeting Summary

The Economics Department Advisory Group held its fourth meeting on Friday, 8 April in the University Room of Hyde Hall. We had an inspiring mix of participants: eight returning alumni, five Economics students, three Economics faculty members, two deans and two development colleagues. The discussion was vibrant, with the questions considered including Dean Kevin Guskiewicz's vision for the College, the provision of real-world research opportunities in Economics at both the graduate and undergraduate levels, and the channels connecting our undergraduate students to potential career opportunities. A summary of major themes are provided below, organized by the substantive items on the session's agenda. **Our next meeting will take place 28 October 2016.**

State of the Economics Department.

Patrick Conway, the chair of the Economics Department, provided a short summary of the department's status. A précis:

- Our students remain excellent – as evidenced by the four attending the session.
- Our faculty have been very productive, both in instruction and research. We are contributing to economic knowledge on many fronts. Two faculty were in attendance: Donna Gilleskie and Valentin Verdier. They were able to speak to their research initiatives, and to their joy in teaching.
- The undergraduate curriculum is evolving. We are building in greater use of empirical methods so that our students are prepared to conduct real-world analysis in their courses. (This is following on a suggestion from an earlier Advisory Group meeting.)
- Faculty are reflecting on what we've achieved – and what needs to change. We have a self-study currently in preparation, and the discussions among faculty have been important in triggering constructive discussion.

The fundamental challenge for Economics remains as it has been in previous years: we have a tsunami of demand for our undergraduate courses that has overwhelmed our capacity to deliver the needed courses. One in every ten undergraduates graduating last academic year from Carolina was an Economics major. That share has increased markedly in the last ten years, while the faculty size has increased only slightly. Our curriculum review and self-study is driven in part by the need to provide necessary high-quality courses to these students.

The department has three critical needs.

1. The primary need is for new faculty. The Dean has been supportive in previous years, but is limited by state funding for personnel positions. We as a department need to add new instructors, and given the real-world nature of our courses these should be researchers as well. Peter Hansen will join us next July as the Latané Distinguished Professor in Economics; he will be an important addition, but is only one piece in this puzzle. The more research faculty, the more advanced courses we can offer our students – and the higher the quality of education they receive.
2. We also need to be able to offer larger stipends to our graduate students. The graduate students are not only researchers in training, but they also play critical roles in staffing the undergraduate curriculum. We currently are paying \$10,000 less per year than our peer schools in stipends.
3. While we've figured out how to teach this larger number of undergrads, we are still working out how to improve the quality of that learning experience. Research opportunities, internships, competitions – all of these allow our students to deepen their knowledge.

All of these issues can be addressed through the help of private support. We are grateful to our donors for helping us afford these opportunities and many more in the future.

Development update.

Ronda Manuel, Senior Associate Director of Development of the Arts and Sciences Foundation, spoke to the group about the College's fundraising priorities. The University will be opening a capital campaign in the coming year with a goal of about \$3 billion, and the College will pay a major role in that campaign.

Giving to Economics has been strong and increasing in recent years. She thanked those alumni who have generously supported the department. Many of these gifts are working to improve graduate student funding, allow faculty retention, and create opportunities for undergraduate research. She also stressed the importance of contributions to the Economics Department General Fund. These gifts provide the Department chair with the flexibility to respond to short-term opportunities and pressing needs immediately.

Update on the College of Arts and Sciences.

Kevin Guskiewicz is the new Dean of the College of Arts and Sciences: he reported that he was in his 100th day on the job. He has been at Carolina for more than 20 years, and is Kenan Professor of Exercise and Sport Science. He laid out three priorities for the College of Arts and Sciences: to be strategic, to be bold, and to be student-centered. By strategic he refers to the flexibility in College programs to respond to modern opportunities. These may be interdisciplinary, these may be global, and the College should be prepared to respond. By

“bold”, he refers to the willingness to take risks and to pursue opportunities to improve even when it requires a large change in the way we do business. By “student-focused”, he is defining the goal of each and every initiative – that it improve the undergraduate or graduate program at Carolina. We could be both strategic and bold, but if the end result is not an improvement of our learning outcomes then it is not a priority.

Jonathan Hartlyn, the Senior Associate Dean for Social Sciences and Global Programs, also joined us for the meeting. He spoke of the central role of Economics within the College. There are over 400 undergraduates graduating each year with a major in Economics, and that puts it third in rank in the College among undergraduate programs – only the Psychology and Biology Departments are larger. It plays a central role as well in providing courses required by other majors: the introductory course Econ 101 is a prerequisite for Business, Political Science, Public Policy, Journalism, and Health Policy among majors. The intermediate microeconomics course Econ 410 is a requirement as well in the Business major. The entrepreneurship minor that the department offers is also important.

Both also shared news about recent major events on campus, as well as highlights of campus recipients of several some major faculty and student awards.

Small Group Discussion – Real-world research.

Four students joined us for this section of the meeting. Karlye Dilts is a third-year graduate student with a focus on open-economy macroeconomic policy. Robert Gonzales is a fifth-year graduate student in development economics. Oluchi Mbonu and Caroline Fite are undergraduates set to graduate in 2016 and writing senior honors theses. Each talked briefly about his or her research.

- Karlye is examining the channels by which monetary policy in one country has impacts on outcomes in a second country. The quantitative easing, and resulting near zero interest rate in the US, is an example: what impact do we observe in other countries of this monetary policy? She will be visiting the International Monetary Fund in Washington DC this summer to continue this research.
- Robert is exploring the role of social media in combatting corruption in developing countries. He examines specifically the role of cell-phone use in reporting electoral fraud in Afghanistan. He is able to demonstrate that in the 2009 election the existence of a hotline for electoral fraud led to significantly less fraud in districts with cell phone coverage. Robert is nearly done with his degree, and will start as an Assistant Professor in the fall at the University of South Carolina.
- Oluchi addressed an important policy question for North Carolina: are peer effects important in student learning? She used data on third- through fifth-graders in North Carolina, and controlled for observable differences among the students – socio-economic status, education of parents, and others. She was especially interested in “peer effects”: for two otherwise identical students will the one surrounded by higher-performing peers perform better? She focused on a comparison of “old peers” – if you are the student in

question, an old peer is a student in your class last year – and “new peers” – students in your class in the current year. Performance is measured by scores on standardized tests. She found that there were no statistically significant differences between old peers and new peers after controlling for these other factors.

- Caroline took on a fascinating monetary-policy question. Monetary policy is a national policy; but does it have different effects in different states? The answer is yes – some states benefit disproportionately from the interest-rate policy, while others are disproportionately worse off. She looks at outcomes like consumption growth, investment, and local inflation measures, and finds statistically different results across states. North Carolina is not one of the outliers, though – she found that we were close to the median among states in monetary-policy impact.

The Advisory Group enjoyed meeting the students and engaged in a spirited conversation about how we can better encourage this type of real-world research more broadly among our students. Valentin Verdier, an Assistant Professor of Economics, spoke of his role in advising Oluchi’s work. As an econometrician he is interested in the challenges of estimating peer effects in education. Oluchi and he have spent the year addressing the same policy question using two very different techniques, and it has been a productive experience for both of them.

We noted the crucial role played by private contributions. The Herbert Brown Mayo Fund, for example, provides summer research support to undergraduates involved in studies of macroeconomics and financial markets – the students spend the summer on a specific research project supervised by a faculty member in the field. This is an important opportunity for students wishing to engage in real-world phenomena using their classroom learning.

Plenary Discussion – The Channel from Classes to Careers

The discussion of the previous session served as an excellent introduction to this one. Our graduate students have a well-defined career path, with work at the Ph.D. level leading either to an academic position or a research economist post in government, consulting or international organizations. For our undergraduates, the channel is less well marked. In this session, we introduced one student’s path, we described a credential program we’ve proposed for our undergrads, and then opened the floor for comments and suggestions.

Ariana Vaisey is a junior Economics major and Morehead-Cain scholar from Vancouver, British Columbia. Outside of the classroom, Ariana serves as a Vice Chair on the Honor Court, acts as a TA for a foreign policy class, and volunteers teaching financial literacy to homeless residents of Chapel Hill. She has already completed the Department’s econometric seminar (Econ 570) as well as an independent study with Professor Lich of our Department examining the effect of industry composition on wage distributions at the state level. She will be interning with the Wells Fargo Economics Group in Charlotte this summer.

Ariana provided a good example for our session since Jay Bryson, Managing Director and Global Economist for Wells Fargo, was with us as well. He reported that the combination of

economics coursework and real-world empirical experience in Ariana's case "blew them away" – they found her to be an irresistible candidate for the summer internship. We then discussed as a group the various ways in which the Department could improve this combination for more of our students.

- The Herbert Brown Mayo Fund was brought up once again as an important complement to the coursework. A summer research project is invaluable in preparing students.
- The new requirement that all majors have a strong statistical/econometric background before taking field and advanced courses was seen as a vital step in making the field courses more real-world and empirical.
- One alumnus spoke passionately about the importance of having coding experience (in the R language or an equivalent software); this is a skill that has become crucial in his own area.
- A number of alumni raised the importance of writing and expositional skills. Raw intelligence is important, but the ability to explain your ideas clearly for a non-technical audience is even more important.

As an example of the Department's efforts to bring the real world into courses, Patrick Conway described a recent proposal sent to the Nasdaq Educational Foundation for funding consideration. The funding will support development of a new advanced course in financial-market analysis, as well as a one-credit practicum in financial markets that will provide a series of applications of the analytical skills learned in the classroom to realistic financial-market simulations: pricing options, hedging risks, swapping assets profitably. Students who complete a three-course sequence will receive certification of completion from the Department. We hope that the certification will be seen as an indicator of the student's readiness for jobs in this area. The proposal is currently under consideration by the Foundation, and we hope to have good news to report at the next meeting.

Adjourned: 12:30 pm

The Economics Department Advisory Group will meet again on 28 October 2016. Due to the interest and request of advisory group members, we will incorporate another career coaching opportunity for our students in the afternoon of our next meeting. We in the Department hope that all our members will be able to join us on that date. Look for our notice!