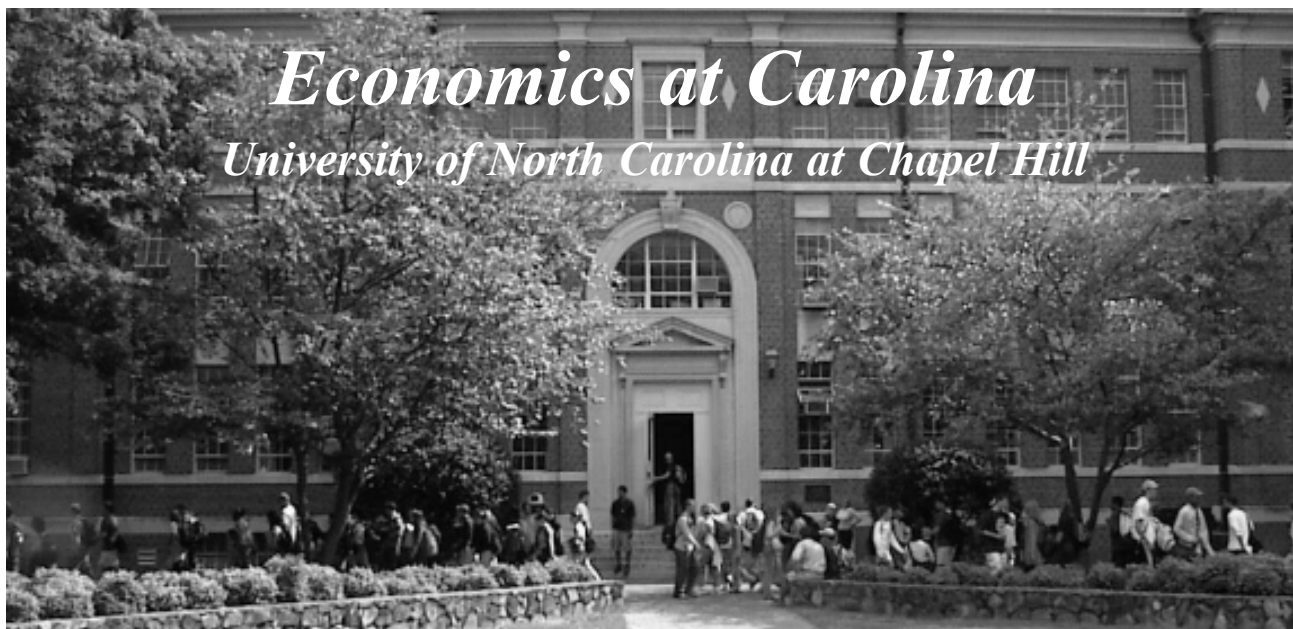


# *Economics at Carolina*

## *University of North Carolina at Chapel Hill*



**From the Editor**

**2003**



Welcome to the 4<sup>th</sup> edition of the Economics Department Newsletter. Please note that this edition represents a change from previous newsletters

in that it contains both graduate and undergraduate news items. Given the overlap in information in the two publications and the presence of budget constraints, we have elected to combine the two newsletters into one. This newsletter thus provides a more complete picture of the Department and it is our hope that all readers will find the broader coverage of this edition interesting and informative.

Our 101<sup>st</sup> year has proven to be more difficult for the Department given the budget difficulties of the state and the university system. Bad budget situations, however, have not slowed growth in student pursuit of the economics major. We now have 520 juniors and seniors declaring economics as their major, and a total of 600 when including declared majors in the General College. The teaching needs resulting from the high demand for our courses have continued to strain our capacity. We have been fortunate to hire three excellent fixed-term faculty, Brad Schwartz, Ralph Byrns and John Serieux, who, along with several of our top graduate teaching assistants allow us to meet our most important teaching needs. Fortunately, the quality of our majors remains high as evidenced by their overall academic records, the outstanding Senior Honors Thesis and the number of economics majors initiated into both Phi Beta Kappa and the economics honorary,

Omicron Delta Epsilon.

Some fundamental academic changes are in the works as the College of Arts and Sciences is currently in the midst of a curriculum reform which will ultimately affect all the departments in the College in terms of the structure of the undergraduate major and required course perspectives. Our revamped economic statistics and required math courses, described in the last newsletter, have been fully implemented, resulting in an improvement in the nature of the material covered and the usefulness to our majors both in their classwork here and in their jobs after graduation. We also are experimenting this year by using several of our senior economics majors as special teaching assistants in our Principles of Economics courses. Nine of our top majors were selected to participate in this activity. This program has been organized by Professor Ralph Byrns, with the assistance of Professors Conway, Salemi and Tauchen, who direct our Teacher Training Program. The students benefit since the TAs provide additional weekly office hours, lead special review sessions and conduct help sessions. At the same time, the TAs benefit from participating in a different learning experience and the opportunity to develop valuable presentation skills.

The faculty have continued to be active in the research area, in terms of obtaining research grants, publishing in high quality journals and consulting with government agencies and international organizations. Of special note this year was the awarding of a University funded and selected distinguished professorship to David Guilkey.

Two major economics journals continue to be edited by our faculty (*The Journal of Business and Economic Statistics* and *The Journal of Econometrics*). The Department has continued its strong participation in various types of international activity, appropriate to the increasingly global economic world in which we live and work. This work is the focus of a special section in this newsletter and I hope that you will find it interesting and informative.

Let me take this opportunity to thank all of you who have taken the time to contact us this past year and bring us up to date on your life since leaving Carolina. It was especially enjoyable to chat with those of you who took time to stop by the Department while you were in Chapel Hill. I hope that you have had a good year and that life has treated you well in what has been difficult times at home and abroad. Please continue to keep in touch with us regarding interesting and important events which are part of your life. We are especially interested in suggestions you might have for improving the educational experience of our majors and any information you may have regarding summer internships and jobs which you feel should be brought to the attention of our students. In addition, the most current information about the Department and its ongoing activities can be found at our website at [www.unc.edu/depts/econ](http://www.unc.edu/depts/econ). My very best wishes for a successful, prosperous and interesting year. I encourage you to stop by and see us at anytime.

*Al Field*

# Research at Carolina

As I have noted in the past, faculty are engaged in research on many different theoretical and applied policy issues both at the micro level and at the macro level. These differences are evident in the research discussed in this year's newsletter. In this issue four professors briefly discuss specific research projects that they are currently involved in. These authors include Prof. Paul Rhode who describes several different projects he is involved in which fall under the rubric of economic history, Professors Conway and Field who provide an overview of a current project which focuses on current adjustment issues facing the North Carolina Textile industry in this period of rapid globalization, and Assistant Professor Sandra Campo who describes some of the theoretical and econometric work she is doing with respect to the use of auctions for decision making by both firms and governments. Additional information about Department research activity can be found in the International Focus section of the Newsletter.

Much of the research which takes place in the Department is dependent upon outside grants and endowments from prestigious organizations as well as from private contributions to the Department Trust fund through the College of Arts and Sciences. As always, we express our appreciation to all of you whose contributions to the Department have supported these efforts by helping fund research assistants, the acquisition of important and expensive data sets, computer facilities and faculty travel to professional conferences and meetings. For more specific information about Department research needs and funding, please contact Professor John Akin, Chair, at 919-966-2385 or [john\\_akin@unc.edu](mailto:john_akin@unc.edu).

## The Eclectic Historian

Although Paul Rhode specializes in economic history he writes on a wide range of diverse topics, working with several co-authors. An indication of his wide array of



interests is demonstrated in the many varied projects that he has had on his plate over the last few months.

Wearing his traditional economic history hat Rhode has recently been working with co-author Alan Olmstead to complete a set of studies on programs in the early 20<sup>th</sup> century to improve the quality of the milk supply. Circa 1900 milk was such a common carrier of disease that it was sometimes called "white poison." In a study titled "An Impossible Undertaking: The Eradication of Bovine Tuberculosis in the United States," Olmstead and Rhode investigate the origins and operation of the federal-state cooperative program, started in 1917, that successfully eradicated bovine TB in US cattle herds by 1941. Besides increasing dairy productivity, this program was saving the lives of roughly 20-25 thousand Americans, chiefly milk-consuming children, per year by 1940.

In a related paper "The Tuberculosis Cattle Trust," they explore the problems existing before the eradication program. In particular, they examine the market failures and associated regulatory responses. Further work will examine the introduction and spread of pasteurization technologies across US cities in the early 20<sup>th</sup> century.

These studies are part of a larger project emphasizing the importance of biological learning in US agricultural development in the period before the Second World War. One of the recent Olmstead-Rhode papers in this project won the Economic History Association's Arthur H. Cole Prize for the outstanding article of 2002/03, and a second was cited as the runner up in the competition.

Over the last few months, Rhode has been working to complete the late Robert Gallman's book on the US Capital Stock. He has completed a draft of a paper bringing Gallman's annual product estimates out of the underground. (NBER WP 8860, "Gallman's Annual Output Series for the United States, 1834-1909"), and is currently drafting a paper on Gallman's consumer durable estimates.

In another avenue of research Rhode has been working with colleague Professor Koleman Strumpf on a number of projects. They have just completed a project that

combined the approaches of economic history and public economics to examine whether over the past 150 years American communities have become more stratified or sorted by their residents' demands for different types of public goods. Research in the area has often employed the well known Tiebout model which suggests that individuals will sort themselves according to their public good demands to create homogeneous communities. Strumpf and Rhode extend the model to include the effects of mobility costs and conclude that theoretically as mobility costs fall, the heterogeneity across communities of public good demands and provision levels should increase. Contrary to these predictions, they find American communities have become less sorted in the historical record. The paper presenting the results of this study is scheduled to appear in the American Economic Review this December.

Rhode and Strumpf are also working together on an article exploring the existence and size of markets for wagering on U. S. presidential elections in the period between the Civil War and the Second World War. As evidence of the high level of activity, they document that some \$165 million (in 2002 dollars) was wagered in one election and betting activity at times dominated transactions in the New York financial markets. The so-called Wall Street betting odds proved remarkably accurate in picking the election winner in a period before there were any scientific polls. In only one case did the candidate favored in the betting markets in early October lose on Election Day. This historical experience has current policy relevance for understanding how prediction markets, such as the recently proposed and controversial terrorism futures market would perform in practice. Rhode and Strumpf find election betting flourished for 75 years before the Second World War without seriously threatening the Republic.

A third research area that Rhode is active in is the new field of evolutionary game theory, in collaboration with former UNC-Chapel Hill colleague Mark Stegeman. They recently had their paper "Stochastic Darwinian Equilibria in Small and Large Populations" accepted at Games and Economic Behavior.

## Globalization, Textiles and North Carolina



Professor Patrick Conway and Professor Al Field, along with Professor Robert Connally in the

UNC Kenan-Flagler School of Business and Dr. Douglas Longman of Chapel Hill, have initiated a research project examining recent changes in the textile industry in response to the changing global environment. One dimension of globalization is increasingly contested international markets due to falling price and non-price barriers to trade in goods and services. The textile industry in particular is cited as an example of the dangers of globalization to US firms, workers and communities. Globalization is a two-edged sword, and has introduced both opportunity and loss into the US textile industry. While there have been aggregate declines in activity in this industry since 1982, these declines have not been felt uniformly throughout the industry. There have been opportunities from globalization that individual firms and communities have exploited to their advantage.

The economic and social manifestations of globalization demand detailed research, especially in light of the phased-in expiration of the Agreement on Textiles and Clothing by 2005 and the expected debates regarding the appropriate policy response to globalization. The debate on textiles and apparel foreshadows a broader debate on the future of many manufacturing sectors in the US. The Alfred P. Sloan Foundation provided a seed grant to begin research on the opportunities and pitfalls of international trade for the textiles industry in the US, and work began in the spring of 2003. Because North Carolina provides a microcosm of the opportunities and dangers from globalization in the textiles industry, this research has focused on the firms and workers in North Carolina. While most analyses of the impact of globalization are undertaken through data analysis of aggregate statistics at the national level, we believe that the challenges of globalization are best understood through multifaceted examination of specific industries, and specific firms within industries. Thus, case studies of North Carolina firms, interviews (businesspeople, workers, unions and government officials) and plant-level analysis of Census of Manufactures data for North Carolina firms have been incorporated in the study along with the typical aggregate

data analysis. This approach permits us to identify both industry-level components that heighten globalization pressures on the US textiles and apparel industries, and firm-level choices in North Carolina that have turned those potential losses into opportunity. This will enable us to identify the characteristics of those plants in which labor fared best, and worst, in the industrial response to globalization. A more broadly based statewide electronic survey will be on line by December providing additional information for the sta-

tistical analysis.

The research findings to date suggest that there are two ways forward, depending on firm size, and one way back for firms in the textile industry. Small firms, without the resources to diversify, will face an expensive road ahead: either accept a new role in the industry as residual supplier (i.e., short runs on short notice to fill gaps in inventories) or invest in innovation to create a stable niche product or process. The new philosophy cannot be, "if you spin it, they will come." Large firms, with resources to

### 10 Lessons From The Textile Experience

**Lesson 1. *What comes around goes around.*** The recent shift of production from North Carolina to Mexico, the Caribbean Basin, South-East Asia and China has been in response to basic market forces. For the skills now required in textiles production, US labor receives higher relative compensation than does labor in these other countries.

**Lesson 2. *The textiles sector in the US has been losing jobs for 50 years.*** While job losses in textiles have been very evident in recent years, textiles employment has been falling since 1950. Employment fell even as output continued to increase during much of that time due to technological improvements in the sector. Adding labor-saving machines and employing increasingly skilled labor has resulted in higher productivity and wages.

**Lesson 3. *Efficiency is important.*** The textiles industry in North Carolina has been characterized from its beginning by churning. Between 1975 and 2000, the number of plants in operation was reduced by 18 percent, but of those plants in operation in 2000, only 29 percent were in operation under the same management in 1975.

**Lesson 4. *Efficiency isn't enough.*** In the past a low-cost textile supplier was able to stay in business supplying yarn or cloth to US-based apparel producers because of the lower transport cost when compared to foreign suppliers. These days, the apparel business is in large-part offshore and the foreign textile supplier now has the transportation cost advantage. US firms must now focus on marketing to downstream producers as well as the consumer market.

**Lesson 5. *The "Winners Curse" leaves large textiles firms at a disadvantage.*** The "Winners Curse" is a notion coming out of the theory of auctions (like eBay), which suggests the winner is cursed because she almost certainly paid too much to win the auction. In the textiles indus-

try, many buyers of existing textile companies have been too optimistic about the potential earnings of their new acquisition, paid too high an acquisition price and suffered substantial financial losses.

**Lesson 6. *Wal-Mart changes everything.*** The retailing revolution led by Wal-Mart, and joined by other major retailers has changed the dynamics of contracting in the apparel and textile sectors. It has influenced both the nature of the product purchase process and the role of the supplier in product display and inventory control.

**Lesson 7. *Foreign producers are formidable competitors.*** China is only the most recent international competitor for the textiles industry. In previous waves Japan, then the Four Tigers, then Mexico and the Caribbean Basin became viable sources of textiles for the US market. In periods of industry downturn, foreign suppliers appear to have maintained their market niche while demand for US made products was cut back.

**Lesson 8. *The removal of quotas under the ATC is not the end of protection for domestic industry.*** Quotas on all textile imports will be phased out by 2005 if legislation follows the timetable within the WTO framework in 1995. However, protection will likely remain relatively high in the form of ad valorem tariffs.

**Lesson 9. *Successful firms see beyond the production floor.*** The successful textiles firms in the current economic environment are those that recognize their place in the supply channel and work with upstream and downstream firms to ensure a seamless hand-over of product.

**Lesson 10. *In a competitive world, access to financing can be a formidable advantage.*** In recent years financing for takeovers (acquisition capital) has been a contributor to some of the most publicized business failures, while the absence of finance for daily operations (working capital) has led to many of the unpublicized shutdowns.

diversify, will also face an expensive road ahead, albeit with different branches. The possibility of becoming a residual supplier is precluded by their size (As, one executive told us, "We're too big to become a niche player."), and the old production style is no longer a viable road. These firms must not only integrate US production into an international supply structure playing on both domestic and foreign strengths, but also develop services valuable to upstream suppliers and downstream users. Because of the loss of the down-stream US-based apparel industry, the textile producers must forge new links to downstream producers, relying on product innovation as a way of forging those links.

The research results strongly suggest that the future of the US textile industry lies in reinvention. Some of this reinvention may involve new products and processes, but much will rely on the development of new skills and business models in the industry. The business world has changed dramatically in the past dozen years, and success, whether in textiles or in other industries, has demanded flexibility and adaptation among managers and employees of U.S. companies. Increased protection is often viewed as a strategy to deal with increased international competition. The authors are skeptical that the employment of additional trade barriers

holds any substantial promise for dealing with current industry adjustment problems, and that such a back-to-the-future approach will be very costly for the industry and the country. The long-run consequences of competition, whether from domestic or foreign-owned companies, are very positive, and inhibiting the adjustments occasioned by competition should be undertaken with great caution. There is fairly clear evidence that competition in well-functioning markets produces stronger companies, better products, and great benefits to consumers, principally through lower prices. In the end, it is better to bet on improved labor skills, new technologies, and industry and firm flexibility to respond effectively to the changing business environment than to adopt increased trade barriers to prop up the current industry structure.

### **Robert Gallman Lecture and Graduate Student Fund**

This year Professor Paul David, who has a joint appointment at Stanford and Oxford Universities, will give the Gallman Memorial Lecture on March 26, 2004. Professor David's lecture will be the keynote session in a two day conference on, "Understanding

the 1990s: the Long-Run Perspective," which has been organized by Professors Paul Rhode (UNC) and Gianni Toniolo (Duke). The conference, involving 40 scholars from around the world, draws its motivation from the conviction that economic history can make a fundamental contribution to a better understanding of a number of key issues of the 1990s by placing that period in historical perspective. Issues of key interest to be addressed include causes and sustainability of productivity growth in the U.S., the sluggish growth in Europe and stagnation in Japan, the bubble in financial prices and its impact on the real sector, the financial instability in the periphery, and the effects of trade and factor mobility on the global distribution of income. For information contact [prhode@email.unc.edu](mailto:prhode@email.unc.edu).

The Robert Gallman Graduate Student Fund was established to honor the memory of a man who devoted his life to his discipline as teacher, mentor and research scholar. The Fund is used to improve the competitiveness of our graduate program by providing financial support that helps to attract outstanding students. We thank all those who have generously contributed to this fund and encourage you to consider contributing. If you are interested in supporting graduate education, please contact Ms. Kelly Moore at [kelly.moore@unc.edu](mailto:kelly.moore@unc.edu).

### **Agent Characteristics, Procurement Auctions and Insurance Models**



My research focuses on the structural estimation of agents' characteristics in models of procurement auctions and models of insurance. Both models evaluate the existence of optimal decisions in environments with incomplete information. In procurement auctions the government seeks to find the most cost-efficient firm to implement a contract at minimum government cost when it cannot observe the firms' preferences and costs. In models of insurance companies seek to screen agents according to their accident/loss probability in order to maximize their profits.

I am currently working on a model of first-price sealed bid procurement auctions where bidders differ in their attitudes toward risk and their costs. For example, they may have different experiences in the industry, different asset holdings or different credit ratings any of which may affect their bidding behavior when competing for public contracts. The most socially valuable procurement auction has been shown to depend on the firms' risk preferences and cost characteristics. Since these are unknown to the auctioneer (often the government), I study the conditions under which one can uncover characteristics, which are central to the decision process. I show that the data from a procurement auction can be used to estimate how both costs and attitudes towards risk differ across the bidders in the auction. Using this information about the auction participants, I can forecast how they would bid under different types of government auction rules. The final objective is to evaluate the efficiency and optimality of different auction rules. Using Department research funds I have purchased a data set, which details firms' characteristics to help me identify and estimate heterogeneous risk averse and cost distributions. I will use this information to estimate the firms' cost distribution and thus explain their bidding behavior. The research will help ascertain the efficiency and optimality of the mechanism chosen by the government.

The estimation of insurance models is more complex. I was puzzled by research findings in the literature on car insurance, which claimed there is no adverse selection, i.e., insurance companies are able to accurately identify high-risk and low-risk clients, so that their premiums reflect the appropriate risk. The data seemed to confirm a few findings in the literature about models both with and without adverse selection. However, I was not able to isolate the type of the agent's preferences and accident probability (called the primitives of the model), which would help evaluate the contract's performance in distinguishing between risk factors. To estimate such key elements, it will be necessary to look for a more complete model of insurance decision-making. I am searching for a model and am currently considering using a model developed by my colleagues, Gary Biglaiser and Claudio Mezzetti, where insurance companies are treated as oligopolies (or industries with just a few firms) using what is called a Hotelling type model. In this framework firms compete with price competition for customers in the same pool of consumers when each of the customers may exhibit different characteristics but can contract with only one firm. I anticipate that I will find that the insurance market does not generate an optimal social outcome because companies suffer from the fact that the accident probability is unknown for new drivers.

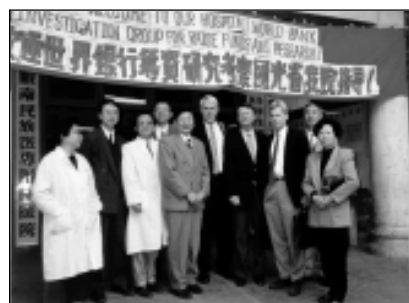
*Sandra Campo*

# FOCUS: The Economics Department in the World

The Department has been actively involved in international activity for many years in many different ways. This year the newsletter is going to focus on a number of the various projects, work and professional interactions that our faculty have been recently involved in throughout the world. Inasmuch as this dimension of faculty involvement often goes unnoticed, we hope you will find it both interesting and informative. We feel that the many and different ways the faculty are involving themselves in the ever-shrinking global environment helps bring world issues into the classroom in a real and practical manner, contributes to graduate student development through hands-on research experience, and fosters an awareness and involvement in important global issues facing the state, our nation and the world.

## Health in China

Since 1988, Professor John Akin has been one of the principal investigators of a project collecting and analyzing continuing rounds of survey data (approximately ev-



ery 3 years the same households are surveyed) in the Peoples Republic of China. The project has been funded largely by the U. S. National Institutes of Health (NIH) and the Government of China. In China, the Chinese Center for Disease Control and Prevention (CDC) has been the project partner and carried out the interviews and other survey work.

Dr. Akin is the principal investigator of a four year NIH project to analyze the data on health care use, health care finance, and illness patterns. Working with him are co-investigators, Professor Will Dow from the UNC Economics Department and the

School of Public Health, and Economics graduate students, Peter Lance and Albert Loh. The project (and a previous 4 year NIH project to which it is a follow-up) has



already produced papers on health care usage by different population and income groups, changing patterns of health insurance availability and coverage, changes in the income of individuals and groups of the population (an important factor in insurance purchase and use of health care), avail-



ability of health services in specific geographic areas and for specific population groups, and smoking behavior and its determinants. Among the many interesting findings of the research are that in recent years insurance coverage in China actually seems to have improved for the poorest groups and that the decision to become a



smoker does not seem to be strongly deterred by higher cigarette prices.

At least two more surveys of these Chinese households are planned (and already funded by NIH) and analysis of health care use and health outcomes of the population will continue. A proposal for continued funding of the health analyses by NIH is under preparation.

## MEASURE Evaluation Project



For the past twelve years Professor David Guilkey has played a key role in the development and management of a very important program in the Carolina Population Center, which focuses on the evaluation of foreign aid projects. The University, the Carolina Population Center (CPC), and the Department of Economics received some extremely good news last month when the United States Agency for International Development (USAID) made the following announcement:

*"We are pleased to announce the award of MEASURE Evaluation, Phase II to the Carolina Population Center; University of North Carolina, and their cooperating partners, the Futures Group International Inc., John Snow Inc., Macro International, and Tulane University School of Public Health and Tropical Medicine. This cooperative agreement, for 5 years (9/30/03\_9/29/08) and \$70 million, will work worldwide."*

Key staff for the project are: Sian Curtis, Project Director; Gustavo Angeles and Philip Setel, Deputy Directors; and Scott Moreland (Futures Group), Demand and Data Utilization Specialist. All key staff will be co-located at the UNC headquarters offices in Chapel Hill.

Phase II will build on a tradition of leadership in collection, analysis, and use of reliable demographic and health data for monitoring, and evaluating health programs. While continuing to address ongoing monitoring and evaluation challenges across all five BGH strategic objectives,

Phase II activities will place greater emphasis on understanding data needs, generating strategic demand for data and ensuring appropriate utilization of data for policy formulation and program decision making. Fulfillment of this goal will be achieved through the implementation of a continuum of data demand generation, collection, dissemination, and use supported by strong coordination, collaboration, and capacity building. Some specific innovations in Phase II will include: development of data user mapping tools and demand and data use profiles, country and global data use calendars, increased emphasis on routine health information systems and emerging data collection options such as sample vital registration, integrated longitudinal data collection systems, and PLACE (Priorities for Local AIDS Control Efforts), and development of tools to facilitate use of data such as PIMS (Performance Information Management Systems), DSS (Decision Support Systems) and GIS Toolkits for spatial analysis. Phase II will also include a greatly expanded capacity building agenda including new strategies for institutional capacity strengthening.

This \$70 million project is the largest grant in the social sciences that has ever been received by the University and continues work that started 12 years ago with the award of the EVALUATION Project to CPC. Prior to the decision to bid on the EVALUATION Project, there was a great deal of debate about whether this type of contract research was in the best interests of the University. Many felt that USAID requirements for technical assistance for its overseas missions and the need for fast evaluations would be incompatible with the University's mission to produce first-class research aimed at peer reviewed journals. However, during the 6 years of the EVALUATION Project and the 6 years of Phase I of the MEASURE Evaluation project that followed, this did not prove to be the case as many UNC-CH faculty have carried out cutting edge research while providing state-of-the-art technical assistance to USAID and its missions all over the world.

Faculty and graduate students in the Economics Department have played a very important role in these two earlier projects and will continue to play important roles in the new project. David Guilkey has been a central figure in the development of this activity over the years having served as deputy director of the EVALUATION Project and then as senior technical advisor in the MEASURE Evaluation project. He will continue to serve as senior technical advisor in Phase II. Gustavo Angeles, the deputy director for Phase II, started working on the project

as an Economics Department graduate student, wrote his dissertation using data generated by the project, and is now a faculty member in the Department of Maternal and Child Health at UNC-CH. Prof. Tom Mroz has also been involved in the EVALUATION Project since its inception and has played key roles in projects in Tanzania, Peru and Indonesia. Prof. John Akin directed projects in the Philippines and Uganda that have led to practical advice to USAID as well as publications in peer reviewed journals. Finally, Prof. John Stewart took the lead in a series of projects that developed methodologies for measuring total program costs so that projects could be compared in terms of cost effectiveness and Prof. Brad Schwartz played a key role in one of the EVALUATION projects that dealt with the impact of decentralization of the health care system in the Philippines.

An excellent example of how this series of projects has benefited both the university and USAID is the work done by Guilkey and colleagues in Tanzania. In 1991, USAID began a ten year project designed to help the government of Tanzania lower its extremely high fertility rate. The project had three main components: logistical support to make sure that contraceptives were available in health facilities, training of health care providers so that they could properly assist clients, and an education component to inform individuals about the benefits of smaller family sizes. Prior to Guilkey's involvement, USAID's strategy for the evaluation of USAID projects simply involved observing changes in contraceptive use and fertility over time after the start of the projects, using population based surveys. However, this evaluation strategy was flawed because while it observed the changes which occurred after a project began, it had no means of determining whether the changes were caused by the project and its activities. To correct this problem, a series of facility surveys were designed under the EVALUATION Project and continued under the MEASURE Evaluation Project. These surveys allowed researchers to form a direct link between changes in the country and program activities.

The design and implementation of these facility surveys kept many generations of Economics Department graduates students employed and led to data sets that several used on their dissertations. In addition to providing the proof that USAID needed to demonstrate that a project was indeed having an impact on contraceptive use and fertility, research funded by the project resulted in publications in leading economics journals. In addition, graduate students who

worked directly on the project received valuable training in research methods. Many other graduate students also benefited from the project because Guilkey has used the data sets in his graduate courses both as examples of how to conduct program evaluations and also as the data for problem sets. Guilkey has also used the data sets in Economics 70, the Department undergraduate statistics course, both for in-class examples and also for homework assignments. Just this past year, an undergraduate student wrote an outstanding honors thesis using the 1999 round of the data set to study the effects of communications programs on contraceptive use.

It is clear that this partnership between UNC-CH and USAID had been beneficial to both sides. It has provided USAID with rigorous and unbiased evaluations of its international population and health programs and has trained many at USAID and at its international partners in proper research methods. UNC-CH has received the benefit of a large, stable source of funds that has allowed it to gather important data sets and conduct cutting-edge research. We feel confident that the partnership will continue to be productive in Phase II of the MEASURE Project.

## Russian Reforms and the Impact on the People

Professor Tom Mroz is actively involved in research focused on evaluating how recent structural and economic changes have affected the Russian people. During the 1990s, the Russian Republic introduced sweeping reforms in the structure of its urban and rural



economic sectors, its social sector programs, and the financial accountability of its state and service sector organizations. Price liberalization and the privatization of state enterprises have been cornerstones of these reforms. While allowing currency exchange rates to fluctuate, the Russian Republic has undertaken the difficult process of completely reforming the structure of the economy. The complexity of this undertaking ensures tremendous spatial and temporal variability in implementation. In many sectors of society, rapid changes in productivity have resulted in significant changes in

income, food supply, and the birth rate, as well as in disease patterns and health service utilization. Changes have created challenges for health, nutrition, family planning, and other social sector activities. Income disparities have increased, but they vary greatly from region to region. Moreover, the current low fertility rate exacerbates the financial problems associated with Russia's aging population inevitably increasing the demand for long term care and consequently placing the social security system in crisis. In short, the structural economic adjustments that Russia has been experiencing place a tremendous strain on all facets of the economy, including the health care system, the public education system, and the provision of labor services. Russia is responding to these problems by continuing to readjust its reform policies.

When the extensive economic reforms started in early 1992, there was almost no information available to policy makers and researchers for studying how the Russian population was being affected by the dramatically changing social and economic conditions. The Russia Longitudinal Monitoring Survey (RLMS) was designed to fill this gap under the leadership of Barry Popkin (Professor of Nutrition and Adjunct Professor of Economics). In addition, Professor Mroz has spearheaded the data analysis work for the RLMS since its inception. The RLMS is a household based survey designed to measure the effects of Russian reforms on the economic well-being of households and individuals. The effects of the reforms are measured by a variety of means: detailed monitoring of individuals' health status and dietary intake; precise measurement of household level incomes, expenditures, and service utilization; and collection of relevant community level data, including region specific prices and community infrastructure data. Data have been collected eleven times since 1992. The RLMS is the most widely used set of survey data collected in Russia.

RLMS survey instruments were designed by an interdisciplinary group of Russian and American social science and biomedical researchers with extensive experience in survey research. Particular care was taken to collect data that would allow one to answer policy relevant questions concerning the design and impact of programs and policies affecting a wide range of social sector outcomes. The survey is also designed to allow supplementary modules of questions not asked every year to be included from round to round. Data from this survey are available to researchers through anonymous FTP. For more information about the survey and summary reports about the

changing economic and health conditions of the Russian population, visit <http://www.cpc.unc.edu/projects/rlms/>.

## Primary Health Care in South-east Asia

With funding from The World Bank, Asian Development Bank, and USAID, Professor Brad Schwartz has been looking at efficiency and equity of alternative systems for delivering primary health care services in Cambodia, Laos, Viet Nam and the Philippines.



In Cambodia, non-government organizations (NGOs) like Save the Children have been contracted by the Government to deliver basic health care services (e.g., child immunization, pre-natal care, and well-baby care) in several large remote rural districts

since 1998. With financing through a World Bank grant, the performance of these districts depending on private providers is being compared to government provision of health services. Early results indicate that not only do the contracted districts out-perform the government districts in terms of population served, but also that they provide a more equitable distribution of services. (i.e., the less-wealthy and the wealthy are treated more equally in the contracted services districts.)

Similarly, in Laos and Viet Nam, Schwartz has helped in the design of Asian Development Bank projects to develop primary health care systems in far-flung rural areas. In the Philippines, the USAID/Measure Project provided funding for Schwartz and David Guilkey to collaborate with colleagues at the University of the Philippines to examine the efficiency and equity effects of the decentralization of government provided health care services from the central government to provinces and municipalities.

## Population Studies in South-East Asia



Professor John Stewart is currently working on a large multi-year project funded by the Bill and Melinda Gates Foundation and undertaken by the International Vaccine Institute (IVI) in Seoul Korea. Professor Stewart's role in the DOMI Project (Diseases of the Most Impoverished) relates to the estimation of the magnitude of publicly borne health care costs that could be saved by vaccinating the populations against typhoid and cholera in seven Asian countries. Estimation of the private cost of

illness for these diseases and of the cost of vaccinations is a key element of the analysis. The project includes monitoring projects by tracking cases and costs over several years for samples of the population living in China, Vietnam, Indonesia, Thailand, Bangladesh, India and Pakistan. Vaccine trials and vaccination demonstration projects are also carefully analyzed. During the past year Stewart was in Thailand and Vietnam working on the treatment cost portion of the study and expects to return to Asia several times over the next year to visit project sites and assist the projects' local research teams. His work in Seoul has allowed him to keep in contact with and enjoy the warm hospitality of former doctoral students who returned home to Korea after completion of their graduate work at Carolina.

Over the last several years Professor Stewart has also participated in the MEASURE Evaluation project funded by the United States Agency for International Development and housed in the Carolina Population Center. With co-author Eric R. Jensen he analyzed the characteristics of health care facilities which seem to attract users. The analysis used data that had been gathered in the Philippines under a Rockefeller Foundation grant obtained by Professors Stewart and Guilkey. In related work, he and co-authors Dominic J. Mancini and Guy Stecklov used data collected by the MEASURE Project in five countries in West Africa to study the factors contributing to successful family planning programs.

## Health Systems in Sri Lanka



During June 2003, Professor John Akin participated in a World Bank mission to Sri Lanka. Having collected and analyzed a survey data set in that island nation in 1992 for the Government of Sri Lanka under World Bank sponsorship, his expertise on the Sri Lanka health system, its operation and its finance is recognized throughout the world. Before and during the mission, Dr. Akin worked with World Bank and Sri Lanka government personnel on plans for both short-term and long-term reforms to the Sri Lanka health system. It is likely that more survey work in Sri Lanka will be scheduled to better identify the present problems with the health system's organization and to determine the best strategy for alleviating them. Information for the parts of the country that have largely been without formal government during the over 20 year rebellion in the north and east of Sri Lanka is especially needed. Dr. Akin likely will be working with the World Bank and Government of Sri Lanka to design and organize both the survey project and the later reform efforts.

After his return to UNC, Professor Akin worked with Professor Paul Hutchinson of Tulane University, a recent Ph.D. graduate of the UNC Economics Department, to produce a key background document on the Sri Lanka health care system based on the data from the earlier 1992 Sri Lanka survey. Akin and Hutchinson's report analyzed the impacts of the health system and its financing on different income groups, especially the poor. The report will serve as an important starting point for the upcoming reform effort in the country which is being undertaken by the Sri Lanka government in cooperation with the World Bank.

## Other International Activity

In addition to these professional activities, several members of the faculty have been involved with academic institutions throughout the world in more traditional ways. Professor **Gary Biglais** spent Spring Semester at the University of Toulouse in Toulouse, France, working with colleagues while on a Department Research and Study leave. Professor **Wilbert van der Klaauw** also spent spring semester abroad as Visiting Professor at the Institute for Social and Economic Research at the University of Essex in England. Van der Klaauw is also a fellow at the Centre of Household, Income, Labour and Demographic Economics (CHILD) at the University of Turin, as well as a Fellow at the International Centre for Economic Research (ICER), both in Turin, Italy. Professor **Claudio Mezzetti** has spent several recent summers working with colleagues at various universities in Italy. This spring he plans to use his W. N. Reynolds leave in Florence, Italy, working with colleagues at the European University Institute (EUI). Professor **David Blau** is



currently spending the year in Paris at the Institute National de la Statistique et des Etudes Economique (INSEE), under the sponsorship of a W. R. Kenan, Jr. leave. He is working on two ongoing projects, "Saving and Retirement in a Life Cycle Model" and "Family Structure Dynamics and Child Outcomes," joint with Wilbert van der Klaauw. He also plans to begin a study analyzing the labor market for older workers in the U.S. and France in collaboration with several French economists. In addition, Blau will be giving a short course in March, at the university affiliated with INSEE, on dynamic structural models of retirement. He is also scheduled to give talks in the next few months at UCL in London, the University of Amsterdam, and IZA in Bonn, Germany. Professor **Eric Ghysels** continues as a Fellow of the Center for Interuniversity Research in the Analysis of Organizations (CIRANO) in Montreal, Canada, and is also an extramural Fellow at CENTER at Tilburg University in the Netherlands. Both appointments involve regular visits and professional collaborations. Finally, Professors **Patrick Conway** and **Stanley Black** have continued working on projects with the IMF and the World Bank.

## Teaching in Mexico City

Professor Al Field conducted a week-long workshop on Globalization and Competitiveness for professors from various campuses of Monterrey Technical Institute in June 2003. The workshop took place on the campus of the newest branch of Monterrey Tech in Santa Fe, a suburb of Mexico City.

## Teaching in China



Professor Steven Rosefielde has been involved in teaching and research in Japan and China in recent years. In Spring 2003 he was visiting professor at the Johns Hopkins Nanjing Center, Nanjing, China, where he taught comparative economic systems, and international security. While there he completed *Prodigal Superpower: Russia's Re-emerging Future*, Cambridge UP, 2004, and began *Russian Economics From Lenin to Putin*, (Blackwell, 2004), as a sequel to *Comparative Economic Systems: Culture, Wealth and Power the 21st Century* (Blackwell, 2003; Russian language edition Rospen, 2003).



# Faculty and Staff Notes

## Recent Personnel Activity

Professor **David Blau** received a UNC W. R. Kenan, Jr. leave for Fall 2003. He is spending the year visiting at the Institute Nationale de la Statistique et des Etudes Economique in Paris, France.

Professor **William (Sandy) Darity** was awarded the Kenneth G. Elzinga Distinguished Teaching award for 2003 by the Southern Economic Association.

Professors **Richard Froyen, Tom Mroz, Steven Rosefielde** and **Koleman Strumpf** received one-semester research and study leaves during 2003-2004.

Professor **Ronald Gallant** retired effective April 1, 2003. Professor Gallant still maintains an office and research presence in the Department as Professor Emeritus.

Professor **David Guilkey** was appointed Cary C. Boshamer Professor of Economics, effective July 1, 2003. This University Distinguished Chair was awarded to Professor Guilkey for his many contributions to research and to the mission of the University in both service and teaching, particularly at the graduate level.

Professor **Claudio Mezzetti** received a W.N. Reynolds leave for Spring 2004. Claudio intends to spend his leave at the European University Institute in Florence, Italy.

Dean **James Murphy** served as President of the North American Association of University Summer Sessions and chaired the annual meeting in November 2002.

The Department has recently hired Professor **Eric Renault** to fill the Latan, Chair in Econometrics previously held by Professor Gallant. Professor Renault will join the Department July 1, 2004.

Professor **Paul Rhode** and his co-author Alan Olmstead received the 2002-2003 Arthur H. Cole Prize for the best article published in the Journal of Economic History ("Hog Round Marketing, Mongrelized Seed, and Government Policy: Institutional Changes in U.S. Cotton Production, 1920-60"). Of special note is that a second article of theirs ("The Red Queen and the Hard Reds: Productivity

Growth in American Wheat, 1800-94") was awarded second place in the same competition. This accomplishment is unprecedented in the history of this award. Rhode was also elected to the Board of Trustees of the Cliometrics Society for four years starting in June 2003.

Other news about recent personnel activity can be found in the International Focus section of the Newsletter.

## In Remembrance

Gwen Appleyard, wife of Professor Emeritus **Dennis R. Appleyard**, passed away this past Labor Day weekend. The Appleyards have been living in Davidson, NC, the past ten years where he is serving as the James B. Duke Professor of International Studies. He is also the current Department Chair.

## Awesome Instruction

We are proud of the high quality of Department teaching at both the graduate and undergraduate levels. This past year was notable in that we had two individuals who received University-wide awards as well as four who received Department awards for outstanding performance in the classroom.

At the University level, Professor **Boone Turchi** was awarded a Tanner award for Excellence in Undergraduate Teaching, and one of our graduate students,



**Katherine Theyson** was awarded a Tanner Graduate Teaching Assistant

Award for Excellence in Undergraduate Teaching. The recipients of the University-wide awards were presented to the Carolina Community in the Dean Dome at halftime of a home basketball game, a fitting locale for Professor Turchi who can always be found in the stands of a home game.

Another of our graduate students, **Rouben Atoian**, received the Edward Kidder Graham Award that is presented to a professor, TA, or instructor



who has made a significant impact on undergraduate studies at UNC-CH by

contributing to student learning both inside and outside the classroom. Students from his Econ 10 class nominated Rouben.

A voting process organized by members of the Undergraduate Economics Club and the Economics Graduate Student Association selected the Department teaching award winners. These awards were presented at the annual Department Spring Reception at the end of the school year. Professor **Boone Turchi** won the Department of Economics Excellence in Undergraduate Teaching award, and Professor **Patrick Conway** received the Department Jae-Yeong Song and Chunuk Park Award for Graduate Teaching.



**Yaraslau Zayats** won the Vijay Bhagavan Award for the best Econ 10



teaching assistant. **Katherine Theyson** won the Economics Department Best Teaching Assistant Award.

# Graduate Alumni News

The Department welcomed 17 new students this fall. The class includes students from the United States, Thailand, Indonesia, China, Bangladesh, St. Vincent and the Grenadines, and Turkey. We are pleased to welcome several NC natives, as well as graduates of Davidson College, Duke University, UNC-Greensboro, UNC-Charlotte, and UNC-Chapel Hill.

Applications to economic programs have been increasing nationwide, and for fall 2003 we received over 400 applications. Several of our graduates, including Tyler Bowles (Utah State), Tom Xu (Texas Tech), Mark Holmes (East Carolina University), Hakan Berument (Bilkent University) and others, have recommended excellent students to our program. We have a long tradition of our alums helping us recruit new students and we appreciate your efforts.

The first year students take micro, macro, and econometrics classes during both semesters. Before classes began in August, Professor Mezzetti put the new students through a fast-paced "Math Boot Camp." As you might expect, he worked them hard and they were ready for the fall semester.

## 2003 - 2004 Entering Class

Michael Aguilar .....	New York University
Natta Akapaiboon .....	Chulalongkorn University
Berna Akin .....	UNC-Chapel Hill
Kristie Briggs .....	American University
David Buehler .....	Davidson College
Xilong Chen .....	Tsinghua University
Ryan Goodstein .....	James Madison University
Tod Hamilton .....	UNC-Greensboro
Mark Jensen .....	Virginia Tech
Bomani Jones .....	Claremont Graduate University
David Jones .....	Duke University
Tia Palermo .....	SUNY-Geneseo
Amos Peters .....	University of Toronto
Wahyu Pratomo .....	Yale University
Syed Saad .....	UNC-Chapel Hill
David Schimizzi .....	UNC-Chapel Hill
Russell Triplett .....	UNC-Chapel Hill

## Graduate Degree Recipients and Job Market Placements

### Ph.D. Recipients

**Lara Bryant**, Florida Atlantic University, "The Effects of State Medicaid Policies on the Dynamic Savings Patterns and Long-Term Care Decisions of the Elderly" (Advisor: Gilleskie)

**John Csellak**, Campbell University, "The Effects of Wages on Teacher Labor Supply" (Advisor: Mroz)

**Timothy Goodger**, Lehman Brothers, "Two Essays on Current Account Dynamics" (Advisor: Black)

**Kenneth Hightower**, Federated Investors, "Testing for Structural Change and Nonstationarity" (Advisor: Parke)

**Jae-Young Lim**, Hallym University, Chuncheon, Korea, "The Effects of Doctor's Payment Method on Patient's Medical Care Use: Are there Incentives for a Doctor's Improving Patient's Asymmetric Information Problem?" (Advisor: Akin)

**Haiyong Liu**, East Carolina University, "A Migration Study of Mother's Work, Welfare Participation, and Child Development" (Advisor: Mroz)

**Jonathan Pingle**, Board of Governors, Federal Reserve, "Employment, Migration, and Living Arrangements: Three Essays on Welfare Reform" (Advisor: van der Klaauw)

### M.S. Recipients

**Reid Chisholm** (Advisor: Salemi)

**Joanne Pais** (Advisor: Gilleskie)

**Joseph Polka** (Advisor: Conway)

**Jonathan Perry** (Advisor: Stewart)

**Yuhua Su** (Advisor: Froyen)

We are very pleased to congratulate the students who received degrees since the last newsletter. Five students received Master's degrees and seven students received Ph.D. degrees.

Last May, the University inaugurated a new doctoral hooding ceremony on the Saturday morning before commencement. Rather than calling the PhD recipients to the stage during the University wide graduation ceremony in Kenan Stadium, the Graduate School now hosts a separate event. Each PhD graduate receives the hood of the academic regalia from his or her dissertation advisor. The event last spring was on a beautiful, late spring morning in Polk Place with a truly Carolina blue sky.



## Early Graduate Education at UNC

by Helen Tauchen

This year marks the 100<sup>th</sup> anniversary of the Graduate School at the University of North Carolina. The following summary of the early years of graduate education at UNC is from a book commissioned by the Graduate School in celebration of its Centennial. (Laura Micheletti Puaca, *Pioneer to Powerhouse: The History of Graduate Education at Carolina*).

Although the Graduate School was not founded until 1903, the University conferred graduate degrees much earlier. Indeed, tradition holds that William Richardson Davie, one of the founders of the University, established a system of graduate study in the early years of the University. No written evidence exists, and the claim has never been substantiated.

The first recorded evidence of earned, rather than honorary, graduate degree appears in the 1853 university Catalogue. The graduate degree requirements of 150 years ago bear little resemblance to those of today. The 1853 document includes no mention of theses or examinations. Instead students seeking a Masters degree are directed to leave the University after the first semester of the senior year in order to “devote themselves entirely to their own special studies during a period of eighteen months.” A few years later, the university Catalogue states that students could spend a fifth year at the University to earn the Masters degree. The first confirmed Carolina graduate degree was a Masters awarded to a history student in 1856. Carolina and other schools offered what one graduate student recalled as “a modest form of post-baccalaureate work.”

Throughout the 1860s and 1870s, the University struggled through the Civil War and its aftermath. Shortly before the beginning of the Civil War, only Yale University had higher student enrollment than Carolina. By 1862 enrollments had fallen, and only 24 students were in the Carolina senior class. The University remained open during the Civil War, but the scarcity of students, funds and political support forced it to close its doors in 1871.

From the time the University reopened in 1875 until the beginning of the twentieth century was a formative one for Carolina and for American universities generally. The most significant development was the adoption of the research-centered European, and particularly German, model of education. The opening of Johns Hopkins University in 1876 under the direction of a German educated president marked the beginning of contemporary graduate education in the United States. Following Hopkins’ lead, Carolina announced its own Ph.D. program in 1877. That same year the University established formal programs leading to the Master of Arts and Master of Science. All three degrees were to be conferred “upon rigid examinations on prescribed courses.” The first Carolina Ph.D. was awarded in 1883 to a graduate student in chemistry.

Despite these notable advances, graduate education at Carolina remained closely tied to the undergraduate program. Most courses open to graduate students carried the label “for undergraduates and graduates;” very few courses were listed “for graduates.” At the beginning of the twentieth century, the new University president, Francis Venable openly recognized the need to differentiate graduate and undergraduate study. Venable had done his graduate work in Germany, and when he arrived in 1881 was the first university faculty member to hold a

Ph.D. For Venable, whose own scholarly investigations led to the development of the Bunsen burner and the discovery of calcium carbide, original research occupied a place of unparalleled importance.

To Venable’s dismay, the University’s growing graduate program suffered from ineffective organization and limited resources. The process of applying for an advanced degree was both laborious and inefficient since the University required that the entire faculty supervise and approve a candidate’s work. (And you thought getting a committee of five together was difficult.) When the General Assembly of 1901 finally increased the University’s appropriation from \$25,000 to \$37,500, Venable set out to strengthen the research faculty. (In today’s dollars, the appropriations increased from approximately \$540,000 to \$800,000.) The growth in the faculty made it possible to offer courses specifically for graduate students. The 1903 Catalogue included a distinct new Graduate Department, which was renamed the Graduate School in 1907.

Both the University and the Graduate School have grown immensely since that date. In the early 1900s, the University enrollment was slightly below 500 with fewer than 30 graduate students. In the fall of 2003, total enrollment had grown to nearly 26,500 with more than 10,000 students in graduate and professional programs.

### Reception at AEA Meetings

The Department will host a reception at the AEA meetings on January 4, 2004, from 6:00 pm until 7:30 pm, in the Newport Beach room of the San Diego Marriott Hotel and Marina, located at 333 West Harbor Drive.



# Learning at Carolina

## Undergraduate Teaching Assistants in Economics 10

by Ralph Byrns



This year, nine advanced economics majors have helped the Department launch a new teaching/learning initiative in which they assist in the teaching of introductory economics and earn credit

through Econ 199 under the title, "Teaching Assistant for Economics 10." Econ 10 is our Principles of Economics course, and enrolls roughly 2500 students each year. Learning fundamental concepts is tough sledding for almost all beginning economics students, in part because students learn in myriad different ways. The early success of these new undergraduate TAs in helping introduce younger UNC students to economics has been gratifying, and our majors are simultaneously learning a lot of economics in the process.

Even after we initially get a handle on an economic concept, we understand the concept in only a limited way--complete mastery of any complex subject is a lifelong process. Every instructor knows we learn more about our own discipline when we teach, because the language and examples that initially helped us grasp certain concepts may not be readily comprehensible to many of our students. Dedicated teachers are forced to consider alternative ways to explain challenging concepts, and, in so doing, we gain a greater appreciation and mastery of our own disciplines.

Undergraduate TAs currently attend all Econ 10 lectures given by the professors to whom they are assigned, hold office hours and offer weekly team-taught help sessions, and participate in the Department's Teacher Training Program (lead by Professors Pat Conway and Michael Salemi), which was initiated several years ago to prepare our graduate students as instructors in undergraduate courses. Attendance by Econ 10 students at the optional help sessions varies from 5 or 6 per session to as many as 100. (Predictably, attendance is especially strong in the evenings before major exams.)

The program's success is reflected both in the gratitude expressed by many Econ 10

students and by the satisfaction the undergraduate TAs take in a job well done. The Department looks forward to expansion of this "Teaching Assistantship for Economics 10" in its quest to continue to enhance undergraduate education at UNC.

## Rosaleen Chou - Economics, Learning and Life after Carolina

By Boone Turchi

As a senior at Brookwood High School in Lawrenceville, GA, Rosaleen Chou would no doubt have been surprised to be told that her first job after graduating from UNC in August 2003 would be assisting economists at Research Triangle Institute in their studies of smoking and tobacco use. In fact, she might have been surprised to learn that she had graduated from UNC at all, since she spent her freshman college year at the University of Cincinnati's Conservatory of Music as a violin performance major. Early in that year she realized that the part of music that she liked best was teaching and mentoring young music students, something that she could do without having to devote the rest of her career to being a violinist in an orchestra.

Thinking back to economics courses taught by her favorite teacher in high school, "Doc" O'Neill, Rosaleen decided to transfer as a sophomore to UNC where she became an economics major. "My career at UNC started off a little differently than most sophomore transfers since I had taken almost all of my electives at Cincinnati. When I got to UNC, I had to concentrate on fulfilling General College and Economics requirements in order to graduate," Rosaleen says. Along the way, Rosaleen began studying Chinese with the idea of pursuing an international career, perhaps in law or economics. "I had grown up learning Taiwanese, my parents' native language, but I wanted to expand my language capabilities to encompass the huge opportunities that knowing Mandarin affords." She also worked part-time as a student assistant at the UNC Undergraduate Library, and as a geometry tutor, piano teacher and Suzuki



violin teacher, mentoring various youth in the Chapel Hill area. "I still enjoy teaching piano and violin to students in my spare time. I feel like I've come full circle when it comes to learning and teaching music. I am able to give back the gift of music that my teachers gave me."

Rosaleen extended her interests in international and financial economics by taking Econ 185 (Financial Markets) with Professor Ralph Byrns and Econ 162 (Topics in International Economics) with Professor Stanley Black. Upon the recommendation of Professor Boone Turchi, she also took Professor John Stewart's Econ 170 (Econometrics) that same semester. "I had taken Professor Turchi's Econ 70 (Economic Statistics) course in the Spring 2002. That semester was the inauguration of the Department's new emphasis on getting undergraduate majors up and running on a professional-level statistical program. We purchased the Stata program, loaded it on to our CCI notebook computers and began learning the ins and outs of this very powerful program. I enjoyed the course, so I was quite amenable to continuing in Econ 170." In that course, she expanded her Stata skills and got to write a term paper using Stata. "I actually got the idea for my term paper topic while working in the library. It involved using regression analysis to try to explain variations in book checkout rates."

While talking to Professor Turchi, for whom she was working as a research assistant, Rosaleen mentioned that she was thinking about applying to law school. "He sort of said, 'don't do it! You've been in school forever; you need to take a break for a couple of years and try out something different!' A short while later he alerted me about an opening at RTI. I applied and got my current job." Rosaleen finished her coursework in August, 2003, graduating Phi Beta Kappa, and Phi Sigma Pi, and a few days later she found herself as a full-time, self-supporting member of the labor force.

In the short time that she's been at RTI, Rosaleen has become involved in a number of projects. "I'm working in RTI's Public Health and Economic Policy Research Program for Dr. Matthew Farrelley, an economist who heads the Smoking and Tobacco Use Research Program. He immediately started me off doing a literature search on smoking-cessation strategies and writing programs using Stata to finalize the

public use version of the Legacy Media Tracking Survey and create the codebook for the data.” Rosaleen has been surprised to see how central her Stata skills are to her new job. “I think the fact that I was able to list Stata as a skill on my résumé, really helped me land the job. I’ve been using it intensively since I joined RTI.”

Rosaleen is also involved in studying the marketing of specialty cigarettes, cigarettes that claim to be safe because they have extra low tar and nicotine levels. RTI administers a cross-sectional questionnaire on adult smoking behavior that contains a few questions about these “safe” products. “This project analyzes the marketing of these products and assesses its effectiveness.” Rosaleen’s work will be included in a presentation by members of the Public Health and Economic Policy Program at the next American Public Health Association conference.

Another project involves data from the New York Employment Health Survey. The data contain interviews as well as biological data from 86 non-smoking bartenders, bowling alley attendants and waitresses in New York City, which recently passed a tobacco ban on smoking in these public places. “Our first round of data comes from the period before the ban was enacted. We have the first-round data set already and I’ve done the data preparation and descriptive statistics on it. We measured the cotinine levels in the saliva of our survey respondents to get an idea of the effect of second-hand smoke on them before the ban. We’ll do a follow-up survey after the ban has been in effect for a while to see if we can document a decline in the effects of second-hand smoke.”

Rosaleen isn’t yet sure what the future will bring. She plans on working at RTI for the next two years. “After that, I’ll be in a great position to assess my future. I really like being able to step directly from my undergraduate economics major into a job that actually uses the skills that I acquired at Carolina. The next couple of years will allow me to develop research and data analysis skills. After that, it may be off to law school or graduate school or something I haven’t even considered yet.”

## Economist in Training

by Kristin Wilson

I have been working as a research assistant (RA) at the Brookings Institution in Washington, DC since graduating from UNC in 2002. Brookings is a large non-par-



tisan research institution that focuses on public policy issues in the areas of economics, governance, and foreign policy. RA’s are hired by one or two scholars to gather and analyze data and literature for various projects the scholars are working on. Interns work for one or two years and are then expected to continue on to graduate or professional school. Brookings hires a group in March to start the following summer and by chance (pay attention graduating seniors!) a large number of positions should be opening up this year in Economics.

It is hard to generalize about what it is like to work at Brookings, because the experience depends largely on the scholars that hire you. The scholars you work with determine the type of projects you work on, your responsibilities, and general quality of life. An RA may be involved for an entire year working on a scholar’s book or journal article, while others RA’s write short literature reviews or keep up with statistical releases for scholars who devote their time to testifying before Congress or who are writing short editorial pieces. Some RA’s are asked to work long hours or weekends, although if I am discovered in the office after six o’clock I am often told to “get a life.” At the same time, the appeal of the work also varies; while I was mired in analyzing balance of payments data, I had colleagues who were researching more uplifting topics like the economic effects of Happiness.

I worked for the past year with Barry Bosworth and Susan Collins on a paper called “The Empirics of Growth: An Update.” This paper explores conflicting evidence in the empirical growth literature about issues such as the importance of capital accumulation and educational gains to growth, or the ability of growth regressions to explain differences in growth across countries. Since I worked on this paper from downloading the first data to verifying the published version, I have learned a lot about the research process. This project required that I put together information for 84 countries over forty years, a process that took several months. The more interesting work was estimating many different regressions and exploring different hypotheses. One thing that I have learned about research is that only a fraction of the time you spend on a project actually results in something interesting enough to publish.

To me, the most valuable part of working as an RA has been seeing how economists approach problems. What seemed like words in a textbook, like “convergence” or “productivity gains,” come to life when these economists use data to apply them to current problems. I have also gained a base

of practical skills that should make life easier when I am doing my own research. Mind-numbing repetition has had a way of making me learn more clever ways to do things with Excel and statistical packages. Besides gaining insight into the practice of economics, Brookings also encourages RA’s to take classes to improve their academic background to be better prepared for graduate school. I have been taking one math class each semester since graduation, but I would encourage economics majors who are considering graduate work in economics to get a strong math background as an undergraduate to avoid all this cramming!

Working in an environment like Brookings is a great way to transition into the “real world” because it is not very different than starting a new school. When I moved to Washington I immediately met a cohort of people my age with similar interests and ambitions. Fellow RA’s are also valuable confidantes: no one else will ever want to talk to you about your problems with SAS do-loops. In sum, I recommend the RA program at Brookings to any graduating senior that is interested in pursuing a career in economics or public policy.

## UNDERGRADUATE ACADEMIC AWARDS

This past year 213 students received degrees in economics and we currently have 600 declared undergraduate first or second majors, an increase from last year. The quality of our majors continues to remain high as 17 of our students were initiated in Phi Beta Kappa last year. These new members are Kevin M. Carlton, Mary E. Carroll, Durba Chattara, Kevin D. Cheshire, Kevin T. Crews, Richard A. Goldman II, Robert Granada, Clifford T. Hepper, Daniel L. Hicks, Suki L. Lehman-Becker, Kassey Q. Maggard, Dana E. Messick, Stephen A. Mohr, Douglas R. Sue, Elizabeth S. Thomasson, Dennis Paul Vollman, Jr., and Kathleen E. Wirth. Two graduating seniors received special Department recognition. Elizabeth Thomasson won the 02-03 Undergraduate Price in Economics, and Dana Messick won the 02-03 Undergraduate Honors Prize in Economics. In addition, a sizeable group of majors were inducted into Omicron Delta Epsilon, the economics honorary.

# Undergraduate Majors

## Preparing for Spring 2004

It is time to again remind all graduating seniors to check with a College of Arts and Sciences Advisor to make certain that you will have met all the College requirements by the end of Spring Semester. Also, make certain that you know the proper times to apply for graduation permits and any other related paperwork related to graduation. You, of course, can make a first pass at this by going to "Degree Audit" at Student Central at the UNC-CH website. I will be happy to discuss any questions regarding the requirements for the econ major with you. Remember that you have to have at least one "advanced" course, and the advanced offerings this spring include Econ 142, 162, 170 and 185. Those of you who are contemplating doing graduate work in economics are directed to the brief note about the importance of having a good math background for pursuing this objective. For those in the Senior Honors Program, Econ 98 and 99 count as advanced courses, but remember you must have eight economics courses to complete the major. In late spring we will send rising seniors with strong academic records invitations to participate in the 2004/2005 Senior Honors Program. If you wish to learn more about the Program, contact the Director of Undergraduate Studies.

## Omicron Delta Epsilon

Tim Diette, President, and Katheryn Theyson, Vice President effectively led Omicron Delta Epsilon (ODE) this past year. On April 21, 2003, ODE the Economics Honor Society, held its annual induction ceremony. Less than 10% of our majors were invited to join. The new student inductees are Christoffer Aasa, Kirstin de Grouchy, Ross Ellison, Lewis Foster III, Leslie Good, Robert Groat, Kevin Hoeltschi, Leia Kelly, Melissa Lassiter, Kasey Maggard, Robert May, David Merrell, Joyce Middleton, Jason Norris, Rachel Norton, Peter Richmond, Zephyr Taylor, Andrew Vynne, John White, James Whitlock III, and Herman Wommack IV.

In addition to the new student members, Dr. Patrick Conway was honored with a membership for the many contributions he has made to the Department and Uni-

versity since joining the faculty in 1983. Conway serves on the UNC Center for Teaching and Learning Advisory Committee and is one of the faculty directors and teachers in the Economics Teacher Training Program, which provides training for graduate student teaching assistants. In addition, he has participated in workshops teaching learning techniques for the American Economic Association, the Economic Development Institute, the World Bank and the International Finance Corporation. He

has won several Department awards and received the UNC William C. Friday/Class of 1986 Award for Excellence in Teaching. He has directed numerous senior honors theses and Ph.D. dissertations and been active in new course development.

ODE is planning an active year, participating in activities of the Economics Club and selecting the new inductees in Spring 2004. For more information contact Katheryn Theyson, President of ODE, at [theyson@email.unc.edu](mailto:theyson@email.unc.edu).

## Carolina Economics Club

If you haven't noticed lately, the Economics Club is off to an incredible start this year! Our focus is to build a greater sense of community within the department and to explore the relevance of economics in all aspects of life. Led by a wonderful team of dedicated officers and enthusiastic members, we are quickly growing into one of the most active clubs on campus!

Since the club's primary service is to students, we started the year by hosting several workshops to help those interested in learning more about economics doctoral and professional programs, jobs and internships, or other options after graduation. For students more concerned about next semester classes, we prepared a registration guide and plan to do the same in spring.



In another initiative, we've been sponsoring a monthly film series to give students opportunities to enjoy a film and discuss it with fellow students. The films become a vehicle through which economics students can interact with students from other departments and gain an understanding of other perspectives on broader social issues. By investigating the problems within a societal context, these films remind us that the theories we learn from the classroom in practice involve tradeoffs and can have far-reaching social implications.

Noted health economist Christopher Ruhm kicked off our Speaker Series in October with a talk on the effects of recessions. About 70 undergraduates and several graduate students came to hear Dr. Ruhm present his research, which was featured in the New York Times last year. Most recently, to follow up last year's successful talk on globalization by Cato Institute Fellow Tom Palmer, we sponsored an interdisciplinary panel to explain why jobs are being outsourced to Asia. Together with a business professor and CEO of Relativity Technologies, Professors Black and Stewart shared their expertise on the macroeconomic trends that are driving the globalization of labor.

We've worked hard to help students get more out of their economics education, and we're planning more interesting activities for next semester. If you have any ideas or recommendations for speakers, please contact us at <http://www.unc.edu/student/orgs/econclub>. As always, we invite anyone interested in contemporary economic issues to check our bulletin space on the first floor and join us at our next activity!

*James Lee, President*

## Undergraduate Research Funds

Funds are available to fund undergraduate research through the Herbert B. Mayo fund for undergraduate research, through the UNC-CH Arts and Sciences Foundation. These funds are used to support undergraduate research by covering costs as data collection, travel necessary for undergraduate research, computer software, etc. In addition, there are limited funds available to support two undergraduate research internships for students to work with Department Faculty. This year two of our senior honors students, Doug Sue and Jennifer Wade, are receiving research funds to defray data and computational costs associated with their senior honors thesis. This past summer Ross D. Ellison received a research internship to do research expanding upon earlier research he completed in his Senior Honors Thesis. Because he was not graduating until December, 2003, the internship during summer 2003 gave him the opportunity to enhance his research experience by working closely with a faculty member and graduate student on a formal journal article. The Department currently has two of these internships available, one in the Spring and one in the Summer. If you have an interest in either of these internships, contact Al Field, Assoc. Chair/Director of Undergraduate Studies.

The Mayo Fund continues to be an excellent example of how outside funding contributes to the teaching, learning, and research experience of our undergraduate majors. The Department and student recipients express our appreciation to Dr. Mayo for his continuing support of our undergraduate program. If you are interested in supporting the Department, contact John Akin, Chair, 919-966-2385, john\_akin@unc.edu; or Ms. Kelly Moore, Arts and Sciences Foundation, 919-843-3920, kelly.moore@unc.edu.

## SENIOR HONORS THESES FOR THE CLASS OF 2003

During the academic year 13 of our most outstanding economics majors participated in the Senior Honors Program. The program consists of participating in two seminar courses, Economics 98 and 99 and completing a senior honors thesis under the close supervision of a Department faculty member. This past year, the program was directed by Prof. Donna Gilleskie. Based on their research product, eight participants received "Highest Honors" and five received their degree with "Honors." The Department "Best Honors Thesis Award" was presented to Ms. Dana Messick. Participants and the title of their respective thesis are:

**Ross Ellison** (Highest Honors), *Textile and Apparel Trade: Estimation Models for Quotas.*

**Robb Granado** (Highest Honors), *The Incidence of Fringe Spending in the Controller-Agent Relationship and the Importance of Homogenous Preferences.*

**Dana Messick** (Highest Honors), *Can Economics Explain HIV Prevalence in Sub-Saharan Africa?*

**Tina Singh** (Highest Honors), *Predicting Middle School Students' Educational Trajectories: The Role of Algebra for Minority Students.*

**Zephyr Taylor** (Highest Honors), *Does Microcredit Contribute to Children's Schooling? An Empirical Analysis of the Impact of Microcredit on Household Decision Making.*

**D. Paul Vollman, Jr.** (Highest Honors), *Overhauling Social Security: Protecting Privatizing, and Guaranteeing Our Nation's Retirement Income.*

**Kathleen Wirth** (Highest Honors), *Understanding the Crime Choice-Market Wages.*

**Peter Zalzal** (Highest Honors), *Media Influences on Desired Fertility in Rural Tanzania.*

**Mary Carroll** (Honors), *Hearing the Giant Sucking Sound: An Empirical Investigation of the Effects of NAFTA on US-Mexican Trade.*

**Walter Kuhn** (Honors), *An Investigation of Intangible Assets: The Relationship Between Corporate Giving, Earnings, and Market Value.*

**Jason Norris** (Honors), *The Effect of Trade Liberalization on Developing Countries' Economic Growth.*

**Elizabeth Thomasson** (Honors), *Sickness and In Health: How to Increase the Demand for Preventative Health Care Among Women of Childbearing Age in Lao PDR.*

**Adam Duke** (Honors), *Measuring the Efficiency of NFL Head Coaches.*

## Graduate Admissions and the Importance of a Strong Mathematics Background for Graduate Study in Economics

by Helen Tauchen, Director

Students who are considering a PhD in economics should talk with economics faculty and consult the departmental web sites at universities of interest. The primary criteria for admission are previous education, particularly in economics and mathematics, letters of recommendation, and GRE scores. Some students pursue the PhD immediately after receiving the bachelor's degree; others work for a few years. Students who enter immediately may have better retention of the undergraduate material. Those who work for a short while may have more experience with the self-direction required for graduate school and may have more applicable research experience. Departments recognize the trade-offs in the timing of graduate study and admit both types of students.

Graduate study in economics is far more mathematical than is undergraduate study, and graduate admissions committees place significant weight on a student's mathematical training. The mathematics background affects the quality of the school a student can expect along with the chances of funding. In addition, students with stronger mathematics backgrounds generally do better in graduate school. Particularly during the first year, they can focus on the economics rather than being swamped by the math. The standard recommendation is multivariate calculus and linear algebra, which at UNC is Math 33 and 147. Additional mathematics courses in real analysis and probability are advantageous for admission and success in completing the Ph and a number of programs state this explicitly in their admissions literature. Many funded students at top-ranked programs have more than the recommended level of mathematics; some funded students at other programs have less. Some students do not consider graduate study until after the baccalaureate and then take mathematics courses while working. Indeed, a number of very successful economists have taken this route. Such students need considerable strengths in other areas in order to gain admission to top programs. Based on experience, most admission committees do not regard undergraduate night courses at lower ranked colleges as offering the same rigor as mathematics courses at universities such as UNC.

# Alumni News

Thanks to all of you who took the time to respond to last year's newsletter and bring us up-to-date on where you are located, what you are doing, and the things going on in your life. One of the enjoyable parts of the newsletter has been the response it has elicited from so many of you. It is gratifying to hear of the varied and interesting things you are doing and the many ways you are contributing to both your profession and the communities in which you live. This year's Alumni News contains information from both our undergraduate majors and former graduate students. We hope you will find it interesting to learn about the wide variety of activities that our former students are engaged in. Please take the time to get in touch with us by completing and returning the back page of this newsletter, or former undergraduates can email [afield@email.unc.edu](mailto:afield@email.unc.edu) and former graduate students can email [jim\\_murphy@unc.edu](mailto:jim_murphy@unc.edu). We always enjoy seeing former students "in person," so if you find yourself in Chapel Hill, please stop by the Department to say hello.

## Undergraduate Alumni News

**Todd Hart** (1988) writes that he, wife Zoe, and two young children recently moved from New York where he had been employed by J.P. Morgan to Dallas where he is currently employed by HBK investments, a large global hedge fund. Todd focuses on arbitrage, special situation, and distressed investments in the financial service sector.

**Jeff Thornton** (1994) let us know that he is currently a Captain in the US Air Force working as a Crew Commander and Satellite Vehicle Officer with the 4th Space Operations Squadron at Schriever AFB, Colo.

**Wright Meyer** (1998) is a Darla Moore Fellow in the International Master of Business Administration program at the Moore School of Business in Columbia, S.C. After graduating from Carolina he served a stint in the Peace Corps in Haiti working as a consultant to several rural savings and loan cooperatives.

**William H. Wilkerson** (1970) let us know that he recently retired as President, Centura Banks, Inc., after a thirty-year banking career. He has since formed a private investment company, Wilkerson Company, Inc., and is located in Greenville, N.C.

**Shepard (Shep) J. Shapiro** (1975) responded this year, sharing his company's first newsletter with us. He is currently living in Centennial, Colo., where he is Vice President of Insurance Shopping Network. He attributed much of his success to the education he received at Carolina (along with much hard work, I assume) and noted that he has now lived longer in Colorado than in North Carolina where he was born and raised.

Writing from Tokyo, Japan, **Donald P. Kanak** (1975) brought us up-to-date on post-Carolina activities. He currently is President and CEO, American International Group, Inc. (AIG) companies in Japan and Korea, and Executive Vice president and Member in the Office of the Chairman of AIG. He is active in the community serving as Chairman of the American Chamber of Commerce in Japan as well as in other professional organizations including the American-Japan society. After leaving Carolina, Donald received a JD from Harvard and an advanced degree in Management from Oxford University. He is married and the father of three teenagers.

**Ronald (Ronnie) Thompson** (1973) notified us that he had been elected President-Elect of the N.C. Realtors Association for 2003 and will serve as President in 2004. He currently is living in Valdese, N.C.

Still living in the South, **Erik I. Mikysa** (2000) is currently working in Ventures and Business Development for Delta Airlines in Atlanta, Ga. He expressed his appreciation to the Department for sending out the annual newsletter.

**Catherine Miller Pappas** (1987) is currently Director of Relocation with Dickens-Mitchener and Associates in Charlotte, N.C. She encouraged anyone needing assistance in moving their company or family anywhere in the country to give her a call. She has a three-year-old, Stephen, and six-month-old twins, Sarah Catherine and Will.

**Tim Newman** (1986) lives in Charlotte, N.C., and became President of the Economic Development Organization for Charlotte's Center City in April 2002. He is enjoying his new job immensely.

**John LeRoy Townsend, III** (1977) is currently serving as Managing Director, Goldman Sachs & Company. He received an MBA from Carolina in 1982.

**John (Jack) C. Stout, Jr.** (1968) is currently living in Savannah, Ga., with his wife and ten-year-old daughter. Upon leaving Carolina, Jack received a JD degree and practiced law for twenty years in Atlanta, Ga. He currently is involved in futures trading as both business and hobby.

One of our more recent graduates, **G. Jason Jolley** (1998) wrote to let us know that he is currently living in Hillsborough, N.C., where he is working as an Economic Development Specialist with the Orange County Economic Development Commission. In addition, he is a part-time Ph.D. student in the Public Administration program at N.C. State Univ., concentrating in local/regional development, urban administration, and environmental policy. He married in April 2002.

Another recent graduate, **Rishi Kotiya** (2002) has had an interesting time since leaving Carolina first working as a researcher for Clyde Prestowitz in Washington, D.C., com-

piling material for his book "Rogue Nation: The Failure of Good Intentions." He then went to Shandong, PRC, for an English teaching job which abruptly came to an end due to SARS in April. He then spent four months traveling in India.

Upon graduation **Brett Southworth** (2002) joined the Peace Corps and was assigned to Nouakchott, Mauritania, where he spent his time planning and teaching courses on computer software in French. Unfortunately he had to leave Mauritania in April due to the volatile political environment following the invasion of Iraq and the accompanying threats to US citizens in Nouakchott.

**Linda Jarosch** wrote us from Burgberg, Germany, to let us know that her daughter, Andrea Jarosch Larson (2001), moved back to Chapel Hill this past year.

The Department was notified that **Collier B. Sparger** (1922) passed away in January 2002. He was living in Venice, Fla.

## Graduate Alumni News

In each item, the year given in parentheses below is the year that the individual entered our graduate program.

**Mike Slotkin** (1987) is currently teaching at the School of Management at Florida Inst. of Technology. He mentioned that a former classmate, Alex Vamosi (1987), had recently joined his Department as the resident macroeconomist.

**Robert (Bob) Blicksilver** (1981) is a Senior Economist at US DOL/OSHA in Washington, D.C. Over the years he has been involved in rulemaking projects ranging from asbestos to chemical process safety to structural steel erection in construction. He has found the work interesting and expressed appreciation for the sound training he received in his graduate program here. Contact: [robaert.blicksilver@osha.gov](mailto:robaert.blicksilver@osha.gov).

**Darrick Hamilton** (1993) notified us of an address and job change. He is currently Assistant Professor in the Milano Graduate School of Management and Urban Policy at the New School Univ. in New York. Contact: [hamiltod@newschool.edu](mailto:hamiltod@newschool.edu).

**Joe Stella** (1995) and Tara Nixon Stella (1995) wrote to announce that they have a new baby boy, Samuel, born in December 2002. They live in Philadelphia, Pa.

Writing from Nonthaburi, Thailand, is **Chomploen Chandr-Ruang-Phen** (Saradatta) (1961). Chomploen retired from Chulalongkorn University six years ago, but in August 2001, she was appointed as an Honorary Professor in Economics at Chulalongkorn University where she teaches financial economics. She also was appointed to the Cabinet as a member of the committee considering the Disclosure of Economics and



Public Finance Data and Information for the country. She has a daughter and a son and two grandchildren. Contact: 150/3 Tiwanon 46, Nonthaburi 11000, Thailand.

**J. Michael Finger** (1960) disturbs his retirement by assuming the Vernon F. Taylor Visiting Distinguished Prof. of Economics for Spring 2004 at Trinity Univ. in San Antonio. Last year Edward Elgar published a collection of his papers entitled, *Institutions and Trade Policy*. This fall Oxford University Press will publish a book that Mike and Philip Schuler contributed to and edited. It is entitled *Poor People's Knowledge: Promoting Intellectual Property in Developing Countries*. And in order to have a say on the current round of WTO negotiations, Mike prepared a monograph published by the Asian Development Bank entitled *The Doha Agenda and Development: A View from the Uruguay Round*. In between writing papers, Mike does a day or two of fishing. Contact: The American Enterprise Institute for Public Policy Research, 1150 17th St., NW, Washington, D.C. 20036; [mfinger@aei.org](mailto:mfinger@aei.org).

Living in Wilmington, N.C., is **Kurt LaForest** (1990). He commutes up I-40 to work with Murphy Brown/Smithfield Foods in Rose Hill as the Division Controller. Contact: [klaforest@murphyfarms.com](mailto:klaforest@murphyfarms.com); 910-289-2111, ext. 4207;

**Robin Gottfried** (1970) visited UNC in April 2003 while he was making some presentations at an institution in Durham that will remain unnamed. He is still professing and no longer Chair at the Univ. of the South in Seawanee, Tenn., and doing his research closer to home now. On Sabbatical last year, he worked on an EPA Star Grant dealing with a GIS simulation model of land use change in the southern Cumberland plateau. His daughter Alicia graduated from Trinity Univ. and Jeremy is a junior in college. Email: [rgottfried@sewanee.edu](mailto:rgottfried@sewanee.edu).

Also on sabbatical last year was **Jan (Boucher) Breuer** (1982). She was studying corruption, financial development and financial crises and claiming to have enjoyed it immensely. She and her husband, Lee, went to Niagara Falls to celebrate their tenth anniversary, and they did so without their eight-year-old son and six-year-old daughter. Jan is associate professor at South Carolina. Contact: Dept. of Economics, Moore School of Business, USC, Columbia, S.C. 29208; [boucher@moore.sc.edu](mailto:boucher@moore.sc.edu).

**Ed Howle** (1962) is back in Paris this year. He spent part of the past year in Chapel Hill although he spends a lot of time busy with travel-for-work and pleasure. Contact: 403 Presque Isle Ln., Chapel Hill, NC 27514.

Living in the D.C. area and working for the IMF is **Kim Zieschang** (1973). He has rotated jobs between the IMF and the Bureau of Labor Statistics. His current title is Deputy Division Chief, Real Sector Division Statistics Department. Contact: 700 19th St. NW, Washington, D.C. 20431; [kzieschang@imf.org](mailto:kzieschang@imf.org).

**Brian Surette** (1990) started work with the Federal Reserve Board and is now princi-

pal economist, Housing Department at Freddie Mac. He and his wife, Melissa, have two boys, Miller and Noah. Contact: [brian\\_surette@freddiemac.com](mailto:brian_surette@freddiemac.com); Freddie Mac, Mail Stop 484, 8200 Jones Branch Dr., McLean, Va. 22102.

Once again we are sorry to report some deaths. **Joseph Atkins** (1940) died in April of 2000, **Edwin Patton Jr.** (1968) died in June of 1997, and **Charles Poston** (1959) died in January of 1999. I regret that I have no further details.

**Paul Shoofs** (1968) gave quite a few national media interviews on the economics of professional baseball last year as contract negotiations progressed in July and August up to the strike deadline. He is still Chair at Ripon College and recently moved to another home within the city. Email: [schoofsp@ripon.edu](mailto:schoofsp@ripon.edu).

A practicing economist heading the power-trading group at a utility is **Scott Spettel** (1980), the power manager for Eugene Water and Electrical Board. His four children are teenagers through college age. Contact: EWEB, P.O. 10148, Eugene, Ore. 97440; [scott.spettel@eweb.eugene.or.us](mailto:scott.spettel@eweb.eugene.or.us).

**Charles Floyd** (1959), professor emeritus from the Univ. of Georgia reports a new email, [chasfloyd@earthlink.net](mailto:chasfloyd@earthlink.net).

**Eleanor (Craig) Snellings** (1947) is retired from Virginia Commonwealth Univ. After leaving Carolina, she had positions with the Univ. of Arkansas, UNC Women's College in Greensboro, the FRB of Richmond, and VCU. Contact: 1600 Westbrook Ave. #833, Richmond, Va. 23227.

A graduate in his first position is **Michael Quinn** (1996). He is assistant professor in Economics at Bentley College. Contact: Economics Dept., Bentley College, 175 Forest St., Waltham, Mass. 02452-4705; [mquinn@bentley.edu](mailto:mquinn@bentley.edu).

**Gary Martin** (1968) started his working career teaching at N.C. Wesleyan College. He was then research director for EDA of Puerto Rico for 4 years and Economics and Trade Advisor for the government of Puerto Rico for 15 years. He is now with the Bureau of Labor Statistics and won the 2000 Lawrence R. Klein for best Monthly Labor Review article (Nov. r 2000) by a BLS employee. Gary writes that he had a "super-political" avocational web site <http://www.thebird.org/host/dcdave>. Contact: Bureau of Labor Statistics, 2 Massachusetts Ave., Washington, D.C. 20212; [martin\\_g@bls.gov](mailto:martin_g@bls.gov).

**Laurel Green Elrod** (1950) is retired and sends a current address. Contact: 8919 Parkroad-DC32, Charlotte, N.C. 28210.

Beginning as a health planner for the Eastern Virginia Health Systems Agency, **Barbara Helen (Thomas) Parker** (1972) began CPA work for Mulkey and Co. for six years and then at Sullivan, Andrews, and Taylor since 1995. She is currently a manager. Contact: Sullivan, Andrews and Taylor, 5544 Greenwich Rd. # 103, Virginia Beach, Va. 23462; [bhtparker@aol.com](mailto:bhtparker@aol.com).

**Stuart Lynn** (1966) has been teaching at Assumption College in Worcester, Mass.,

since 1987. He is an associate professor. Prentice Hall published his textbook in 2002 entitled *Economic Development: Theory and Practice for a Divided World*. Email: [slynn@eve.assumption.edu](mailto:slynn@eve.assumption.edu).

After almost twenty years of bachelorhood, **Ron Warren** (1971) was married in June 2002 to Joanna Moore, an academic advisor in the Business School at the Univ. of Georgia. She has a daughter, now eight years old, so Ron is enjoying parenthood when some of his UNC classmates are grandparents. Ron continues professing in the Terry College of Business at the Univ. of Georgia. He has enjoyed teaching managerial economics to French undergraduates (in English) at the Universite Jean Moulin in Lyon, France, and environmental economics in the Georgia Study Abroad program in Oxford. Email: [warren@terry.uga.edu](mailto:warren@terry.uga.edu).

**Harold Banguero** (1974) sends a remarkable letter of life in Columbia amidst the threat of daily killings and kidnappings by left-wing guerrillas or right-wing paramilitary. He was a faculty member for five years at the University of Los Andes in Bogota and then in 1983 became Dean of the Faculty of Social and Economic Sciences at the Univ. of Valle in Cali. His skill in dealing with repeated student demonstrations against the establishment got him placed as Director of the Planning Office in 1985. This experience for one year led him to his first public sector job as head of the Cauca Valley Planning Office for 2 years. He returned to the university in 1988 to start a masters-level program in applied economics.

In 1993, his faculty life was interrupted when he was appointed Mayor of Santander de Quilachao (population 100,000), a town thirty miles south of Cali in a region under the influence of guerrillas and narco-traffickers. Twice he was caught in crossfire between the guerrillas and the national army. "Believe me, I'd rather have been watching the movie with me not a member of the cast!"

He survived this exposure to regional politics and returned to teaching in 1995, becoming Research Vice-Rector in 1996 and Administrative Vice-Rector in 1997. Harold has now retired from the Univ. of Valle. He has worked on developing masters programs at the National University in Honduras and now as a consultant for a private university in Cali. He would like to return to his coffee farm in the mountains outside Cali but two close relatives were killed on the road to Popayan and living there is too high a risk.

His son is beginning university studies and his daughter is in high school. His wife is an artist. "When you think about it, it's pretty amazing that so many people here continue to lead productive lives in an environment that certainly does not facilitate that." Harold would like to return for a year in the US, teaching or doing research on Latin American economics and policy. "If any of you know of an opening for a well-experience Latin America hand," keep him in mind. Email: [hbanguero@hotmail.com](mailto:hbanguero@hotmail.com).

# *The State of the Department*

## **Greetings from the Chair's Office**



I am happy again to be able to communicate with alumni and friends of the Department of Economics in this, our fourth newsletter, which coincidentally is being produced at the beginning of my fourth year as Department Chair. I am sure you tire of my mentioning state budget difficulties, but it is not easy to report on what has been going on at Chapel Hill and in the Department without noting that financial times have been difficult. Because of budget restrictions, the department, which has lost several faculty to retirement and personal reasons, has not been able to hire in numbers sufficient to keep staffing at the desired level. We have dropped from a high of 34 fulltime faculty to a present roster of 30, yet we have more majors and total enrollments now than we did at our peak faculty level. But we continue to teach the necessary courses to allow our students to progress toward degrees, and I believe it is a reflection on the quality and hard work of our faculty and staff that we are able to continue to teach these courses extremely well.

The continuing popularity of the major and of our Economics courses should not surprise you who are reading this. I hope that the students taking our courses share our belief in the value of economics knowledge and of the relevance of the disciplines' approach to problem solving, both in their professional and personal life.

In Chapel Hill, we have just had our election for mayor and four town council members. The relationships of the town with the University was the dominant issue in the campaigns. A swiftly growing University juxtaposed on a community, many of whose residents lovingly hold the memory of its being a "village" will probably lead to a number of situations in need of compromise in the coming years. Given the nature of the issues, economics approaches and principles will undoubtedly either aid the reaching of reasonable conclusions or see both the town and University suffer from that approach being ignored. Let's hope that information, reason, and logic win out. Unfortunately, we also know that the Economists' message that tough choices must be made is rarely popular.

I personally had an interesting year. In my now annual trip to China, I was able to travel on the Yangtze River through the Three Gorges to the giant new dam. It was an enlightening trip, and should add insights to the project in which I and my colleagues are analyzing health behaviors and health outcomes in that nation. I also went in June to Sri Lanka to continue an analysis of health system needs I started for the World Bank back in the early 1990s. Unfortunately, since my visit the likelihood of an end to the ceasefire in the civil war in that country seems to have worsened again. This morning, the press is reporting that the President has dissolved the Parliament and removed three cabinet members. It is sad to see such a beautiful and educated nation suffer so greatly and for so long.

I'll stop boring you with such things as my personal life and end this note. Please remember to make financial contributions to the "Department of Economics" if you are so inclined and are able. During the "Carolina First" campaign would be a good time to consider making significant gifts and possibly thinking about such creative ways of giving as life income bequests.

Have a wonderful year and stop by for a visit if you are in Chapel Hill.

*John Akin*

**UNC ECONOMICS ALUMNI UPDATE**

**Name—As UNC Student:** \_\_\_\_\_  
**Current (if different):** \_\_\_\_\_

**Year Entered UNC:** \_\_\_\_\_

**Degree Year:** BA \_\_\_\_\_ MS \_\_\_\_\_ Ph.D. \_\_\_\_\_

**Thesis/Dissertation Director:** \_\_\_\_\_

**Home Address:** \_\_\_\_\_ **Phone** \_\_\_\_\_  
\_\_\_\_\_ **Email** \_\_\_\_\_  
\_\_\_\_\_

**Position Title:** \_\_\_\_\_  
**Home Address:** \_\_\_\_\_ **Phone (\_\_\_\_)** \_\_\_\_\_  
\_\_\_\_\_ **Email** \_\_\_\_\_  
\_\_\_\_\_

**Family/household demographics you wish to include:** \_\_\_\_\_

**Information for our next newsletter:** \_\_\_\_\_  
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**Other Comments or Questions:** \_\_\_\_\_  
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**MAIL FORM TO:** Economics Newsletter Office, Department of Economics, CB# 3305, 107 Gardner Hall, UNC-Chapel Hill, Chapel Hill, NC 27599-3305 or FAX: 919-966-4986.

2003