

Economics at Carolina

The University of North Carolina at Chapel Hill

From the Editor

2006

Welcome to the 2006 Economics Department Newsletter. We had a beautiful Carolina fall with no hurricanes, ideal temperatures, and gorgeous fall colors—an ideal time for some fall



Al Field

golf and tennis. The beginning of the fall semester found us facing growing enrollment demands in our Economics courses, increasing numbers of majors and increasing demand for the new Entrepreneurship minor. In addition, we were faced with the implementation of the new Arts and Sciences curriculum inclusive of a complete renumbering of all courses. In spite of the transition issues and numbers of students attempting to get into our various courses, fall semester began quite smoothly. While somewhat confusing to initially implement, the new numbering system will prove to be more consistent and transparent in terms of course level, content, and what counts for the Econ major. It does, however, take some getting use to in terms of realizing that Econ 101 is now the Principles of Economics course (old Econ 10) and not the Intermediate Micro course (now Econ 410). I think you get the picture. However, the renumbering also clarifies the roll of courses in that, for example, only the

courses in the 400 level and 500 level (advanced undergraduate courses) count towards the Econ major, while the 300 level contains our service courses for the non-major. Of special note is the expansion of the internship program linked to the Entrepreneurship minor into a number of foreign countries.

This fall has been more tumultuous than usual as the Department adjusted to several recent resignations and retirements and the arrival of four new faculty. The new faculty helped offset some of the recent staff losses and have contributed significantly to our ability to meet growing undergraduate teaching demands. More information about the turnovers in the faculty is presented in the Faculty and Staff news section. Department faculty have continued to be successful in obtaining new research grants, publishing in high-quality journals, presenting papers at various Department seminars and professional meetings, and consulting with various governmental and international organizations. Faculty continue to serve on the editorial boards of several important journals and are sought after to review articles for publication. Finally, a number of the faculty are also members of various major University committees and faculty boards of directors.

Overall, the Department has had a very successful year. Both we and the University in general have benefited from increased financial support from the legislature this year in contrast to the several previous lean years. Nonetheless, the additional funds provided by our private donors are of critical importance to our continuing success, and we thank all who have contributed to the Economics Department fund. I also want to personally thank all of you who have contacted us about events in your life or who have taken the time to stop by to see us. It is always a pleasure to take a break and have a coffee with you, catch up on your current life, reminisce about the past, and discuss the many changes and events going on in the Department and University. I hope that more of you will find the time to stop by this year, and that you will inform us about ways we might improve our academic program and make us aware of new internships and other experiential learning possibilities for our majors. Current information about the Department and ongoing activities can always be found on our website www.unc.edu/depts/econ, and I can be reached by phone or email at afield@email.unc.edu. Best wishes for a prosperous and healthy new year. Again, please stop by and see us anytime you are in Chapel Hill.

Economics Research

Faculty research continues to be an integral part of Department activity, and it is critical to the success of our mission as a department in a major research university. Because of its importance, we like to take this opportunity to make you aware of the variety of research our faculty are currently involved in. This year two of our new faculty members describe the nature of their current research, and one of our senior faculty discusses the application of one of his lines of research to the teaching of our introductory course. Oksana Leukhina is a macroeconomist who focuses on the macro effects of household decision making on population, labor force participation, and the effects on economic growth. Vijay Krishna, a microtheorist, describes some of his current work which examines the role of communication in two-party decisions using a game theory approach. Finally, Bowman and Gordon Gray Professor Michael Salemi discusses new approaches to the teaching of Principles of Economics. Michael is a macro/money economist whose research interests include not only macro economics, but also economic education. He has worked actively with the American Economics Association Committee on Economic Education for many years and has been an instructor in AEA workshops for economics faculty members, introducing interactive teaching techniques. This fall he is teaching one of our 420-student sections of the introductory course, applying some cutting-edge interactive techniques made possible with modern technology which he describes below.

For some time I have been thinking about an old problem—What should be taught in the first college economics course? As I say, the question is not new. In a 1950 report to the American Economic Association, William Hewitt and his co-authors recommended



Michael Salemi

that “The number of objectives and the content of the elementary course should be reduced.” In 1963, George Stigler called the principles course a “watered down encyclopedia.” While the claim that the principles course tries to teach too much is an old one, most instructors continue to teach it like a “Cooks Tour” of Economics.

In 2002, I joined with two other past chairs of the American Economic Association Committee on Economic Education to suggest an alternative. We called our article “Use It or Lose It: Teaching Literacy in the Economics Principles Course.” In it we pointed out that almost fifty percent of undergraduates completed the economics principles course while only about two percent majored in economics. We argued that the course should be re-designed so that it was of lasting benefit to students who do not major in economics.

We went on to explain how this might be done: (1) Focus the course on a short list of economic principles. (2) Resist temptation to throw in all the hot new

topics. (3) Use the recovered resources (class time and student study time) to have students practice using the basics in a variety of settings.

While this sounds pretty good, in the subsequent years I managed to avoid having to put my curricular skills where my mouth is. Translation: I continued to duck teaching our principals course. No more. Beginning this semester, I have rotated back to teaching the principles course, recently renumbered Econ 101, and am facing the challenge of how to make my theory a reality.



If you are interested in the topics I cover, a very detailed description of the course is available at www.unc.edu/~salemi/Econ101.html. What I would like to describe here is a technological innovation that I believe can make even a course with 410 students highly interactive. I believe that interaction is a key part of any strategy that seeks to teach students to use economic ideas.

The innovation is formally called the “Classroom Performance System” but

widely known as “clickers.” I hook a radio receiver to my laptop USB port. My students purchase “response pads,” which are radio senders, and link them to my course. During class, I am able to undertake a variety of activities where students use their “clickers” to respond. Student



responses are quickly gathered by the receiver and stored in a computerized grade book. When appropriate, I can quickly display a histogram of responses and use that information to adapt my lesson. The new, radio based, clicker technology is vastly superior to the infrared technology that it replaces.

What sort of things can be done with the clickers? So far this semester, I have conducted surveys of student opinions asking whether the best things in life are truly free. I have conducted a second price silent auction of a t-shirt and used the bid data to derive the class demand schedule. I have held a “town hall” meeting on a Carrboro resolution that supports “zero waste” and then used the clickers to conduct a vote. And, in each class, I ask students between three and six questions that check their understanding of the material we are covering. These “small stakes” quizzes have had a very beneficial effect on student attendance and participation both in lectures and recitations. I am currently working on a “Tragedy of the Commons” simulation where students will play by sending decisions via their clickers.

Teaching innovations come and go. Many instructors still find “chalk and talk” the best strategy for teaching. For me, however, clickers are the most exciting and valuable classroom technology innovation to come along in the last quarter century.

If you would like more information about the CPS system, you can contact me (Michael_Salemi@unc.edu) or *eInstruction* (<http://www.einstruction.com/>), the designer of the CPS system and its software.



Oksana Leukhina


My research is primarily aimed at examining the role that households/families play in determining aggregate outcomes. In particular, I am interested in households'

decisions with respect to their reproductive choice, work participation, marriage and home production, and understanding how these choices interact with the long-run process of economic growth.

The project that I chose to discuss here is an investigation of the dramatic rise in work participation of married women in the U.S. since 1959: Nearly 80% of married females between the ages of 25 and 64 participate (i.e., work more than 0 hours) in market production today, compared to only 33% in 1959. Most commonly cited among the economic forces behind this change are the closing of the gender wage gap and the revolution in home production (i.e., a widespread diffusion of time-saving electrical appliances, such as washing machines, dishwashers and vacuum cleaners). Here, the gender wage gap refers to the differential in wage income of married males and females that participate in the market, whatever the reasons may be. Still, there is little consensus regarding the main forces behind the rise in work participation of married women. In fact, two of the

Gallman Memorial Lecture

On March 30, 2006, Thomas J. Weiss presented the seventh Gallman Memorial Lecture entitled "The American Invasion of Europe: Overseas Travel, 1820-2000." Weiss, an Emeritus Professor in the Economics Department at the University of Kansas, received his doctorate at UNC under the direction of Robert Gallman in 1967.



Thomas Weiss and Paul Rhode

The Robert E. 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 of those who have generously contributed to this endeavor. If you are contemplating a gift to UNC, we encourage you to consider contributing to the Gallman fund by contacting Brook Alexander, in the Arts and Sciences Foundation at brook.alexander@unc.edu.

prominent works in the field reach nearly opposite conclusions when quantitatively investigating the relative importance of the closing gender wage gap and falling prices of household appliances relative to other consumption goods.

We test these competing explanations using cross-sectional features of the rise in work participation of married females as

well as the pattern of leisure (i.e., time not spent working at home or in the market) of husbands and wives. Using U.S. Census data, we document that the increase in work participation occurred for women in all groups. The different groups were chosen based on their husband's income. The work participation of both women with low-income husbands and women with

Conference Honoring Jim Friedman



Jim Friedman

A conference to honor the work of Jim Friedman, Emeritus Kenan Professor of Economics, and to celebrate his 70th birthday, was held on November 4th and 5th at Duke's Fuqua School of Business. The speakers who presented papers at the conference included Dilip Abreu (Princeton University), Jacques Cremer (University of Toulouse), Ehud Kalai (Northwestern University), Eric Maskin (Princeton University), Mike Riordan (Columbia University), Rafi Rob (University of Pennsylvania), Larry Samuelson (University of Wisconsin), and Xavier Vives (Universitat Pompeu Fabra, Barcelona). In addition to the above participants, many former colleagues and friends of Jim from throughout the world attended the two-day conference. The conference was intellectually stimulating and fun, and highlighted both Jim's intellectual contribution to economics and his personal mentoring of so many scholars. The sponsors of the conference were the Duke Department of Economics, the Fuqua School of Business, *The RAND Journal*, and the UNC Department of Economics. Conference organizers were Gary Biglaiser, Claudio Mezzetti and Joe Harrington (Johns Hopkins).



high-income husbands increased dramatically, and the increase was greater for women married to men with higher earnings. We also combine time-use surveys with the U.S. Census data to establish trends in leisure for married males and females of ages 25-64 and find that the leisure time of both husbands and wives has decreased since 1959. Interestingly, the reduction in aggregate leisure for females occurred despite gains in leisure for each group—working wives and nonworking wives—individually, and we conclude that it was due to the reallocation of women among these groups: from homemakers with greater leisure to market workers with less leisure. We also document that nonworking wives enjoyed a higher increase in leisure than working wives.

Employing a model in which husbands and wives jointly decide on their time allocation between market work, home work, and leisure, we find that changes in the wage

distribution account for most of the increase in married female labor force participation and that the nature of this change is consistent with documented observations of leisure among married men and women, as well as the observation that the participation increase was greatest for women married to men with high incomes. Most of this result is driven by the closing of the gender wage gap. However, other aspects of the wage distribution, in particular an increase in the correlation between husbands' and wives' wages, appear to be important for generating a greater increase in participation for women married to husbands with higher wage income. Interestingly, the closing of the gender wage gap generates a home production revolution through the wealth effect alone. The decline in prices of home appliances, on the other hand, had a much smaller impact on married female work participation. □

Father and Daughter Joint Research

Professor Alfred J. Field and co-author Professor Erica Field (Harvard University) presented a paper, "Globalization and Crop Choice in Rural Peru, 1994-2004," at a United Nations-WIDER conference on "The Impact of Globalization on the Poor in Latin America" in Rio de Janeiro in September. This is the first joint research done by the father/daughter team.

Renew Old Acquaintances

If you are planning to attend the American Economic Association meetings in Chicago, IL in January 2007, enjoy a chance to socialize with old friends. Our Department will host a reception on January 6, 2007, in the Haymarket room of the Hyatt Regency from 6:00 p.m. until 7:30 p.m. We hope you will be able to join us.

My dissertation research focused on the role of communication in games of incomplete information. The basic problem is simple. Consider a tourist in the fictional city of Gastronomica, which boasts of gastronomic delights, but has some unscrupulous restaurateurs who don't shy away from cutting corners.



Vijay Krishna

The tourist wants to go to dinner, and relies on his tour guide for recommendations. The problem is that he is unsure of his guide's motivations, in the sense that some guides may receive kickbacks from restaurants to steer customers their way. The tourist believes that with some probability the guide wants what is best for the tourist and with complementary probability doesn't care about the tourist, only about his kickback.

Given a recommendation by the tour guide, what does the tourist do? The answer is, of course, it depends. If he knows for sure that the guide is honest, he accepts his recommendation, while if he knows for sure that the guide is crooked, he will just go by his prior information. The interesting case, is when he isn't sure of either case. Clearly,

the tourist will weigh the recommendation and consider the possibility that the guide is crooked and make his decision accordingly. Notice that if the tourist believes it to be highly likely that the tour guide is crooked, he disregards the recommendation (and this is true even if the guide is honest, because the tourist doesn't know this). The question I considered is the following: What happens if the players are allowed to communicate indefinitely, instead of the one-time communication considered above and what if we allow them to use methods of communication other than talk?

The basic idea is if the players are allowed to talk, as in a real conversation, the tourist may be able to get more information than if there was only one message sent by the tour guide. I studied the structure of such outcomes when players are allowed to talk indefinitely. One might think indefinitely refers to conversations without a deadline (infinite conversations), which is indeed true, but mathematicians find it useful to talk about many different kinds of infinities that can be ordered in terms of their "size."

In such an environment, the presence of a third-party mediator can help the agents achieve better outcomes, i.e., outcomes which leave each agent better off. I showed that using more general communication devices

such as leaving messages in envelopes allows the agents to mimic the effects of the mediator. In other words, if the agents use more sophisticated forms of communication besides plain talk, they can achieve outcomes both would prefer to the outcomes that are possible with only plain talk.

My more recent interests have been in the pure Theory of Choice. Traditional economic theory assumes that agents are perfectly rational, can foresee the future perfectly and can make all manner of computations. Modern approaches to the theory of choice seek to weaken some of these assumptions. Some of my recent research has focused on formulating tractable models where agents exhibit human frailty. The specific frailty I consider in one of my papers is "Temptation." Here, we view temptation as the making of an undesirable choice, based on some normative point of view. More precisely, we say that an agent who feels that he can succumb to temptation has an alter-ego who takes over the decision making with some probability which is dependent on the set of available alternatives. The alter-ego take-over results in a "bad" choice. This turns out to be a surprisingly useful way to think about things. And how do we know which agents might succumb to temptation? We consider agents' preferences over sets of alternatives. For instance, consider two restaurants that serve a very healthy salad, but the first restaurant also serves some tasty, but unhealthy, burgers. If a consumer strictly prefers the second restaurant (that serves only salad) to the first, we can infer that he doesn't want to take the chance that he will succumb to the temptation of eating a hamburger at lunchtime.

Graduate Program News



Helen Tauchen
Director, Graduate Studies

Bill Parke and I alternated as Directors of Graduate Studies over the last two years. As expected, Bill recruited another good class, and I enjoyed welcoming them to Chapel Hill this fall. The entering students worked hard during the summer math camp and have continued to do so during the fall.

Fortunately, graduate students still have time for other activities.

Ryan Goodstein has organized intramural soccer teams. Congratulations to the men's team for winning the Rec League Championship last year! This year's team has a win and a tie, and the coed team, Econ Dorks, has one win and one loss. Last year, the faculty, including David Blau, Pat Conway, and Neville Francis, along with a few ringers, challenged the graduate students to a soccer match. As described by Pat Conway, the graduate students prevailed but only by one goal and only after the ancient faculty had been worn down. Graduate students also enjoyed other events, with the most recent being the annual Chapel Hill Halloween festival.

Although the organization of the graduate program has changed little in the last year, the final steps towards the doctorate degree have become somewhat less complicated. Last fall, the Graduate School began accepting dissertations as pdf files, and will require that all be in this form by Spring 2008. Students have welcomed the option, with 93% filing electronically last spring. Shortly after submission, dissertations become available through ProQuest to a world-wide audience.

The American Economic Association is also applying

computer technology to the PhD job market. As more PhD candidates follow the strategy of applying for every job even remotely related to their fields, some employers find it difficult to identify applicants whom they have a chance of hiring and, hence, for the market to achieve efficient matches. Accordingly, the AEA has developed a mechanism whereby applicants may indicate their preferences. Each registered job applicant may request that the AEA send a signal of interest to one or two employers. Since applicants may send only two signals, employers have been reminded that little information is conveyed by not receiving a signal; however, signals received convey valuable information about a candidate's interest. In particular, an employer who suspects that an application was motivated by excessive risk aversion might be reassured of a candidate's genuine interest upon receiving a signal. At a minimum, the signaling process should generate valuable data for testing game theory models.

We always enjoy seeing our alums in Chapel Hill. Three 1995 graduates visited this year. Stephen O'Brien, specializing in cases related to white-collar crime, as a partner with the Sonnenschein law firm, spoke on ethics at an undergraduate seminar on entrepreneurship; Inbae Kim, Korea Institute of International Economic Policy, gave a paper in the Macroeconomic Workshop; Regina Riphahn, University of Erlangen, gave a Labor Workshop seminar. Jonathan Pingle (2003) interviewed our job market candidates for positions with the Federal Reserve Board.

We and your former classmates would enjoy hearing from you. Update us via web form (<http://www.unc.edu/depts/econ/alumni/feedback.htm>) or email (tauchen@unc.edu). Best wishes for 2007.

2006-2007 Entering Class

Mustafa Attar, Ankara University
Ryan Burk, University of Delaware
Chak Hung Jack Cheng, Western Carolina University
Jeremy Cook, North Carolina State University
Rebecca Finan, Northwestern University
Philip Gear, Winthrop University
Mustafa GuIer, Ankara University
Justin Joffrion, Georgia Tech
John Kavikos, University of Florida
Stanislav Khrapov, Oregon State University
Marina Krylova, New Mexico State University
Maciej Misztal, University of Georgia
Timothy Moore, University of Notre Dame
Teresa Perez, Bryn Mawr College
John Rabon, University of Florida
Simon Seitz, Mannheim University
José Vicente Romero, Universidad Autonoma de Occidente
Özge Savascin, Istanbul Bilgi University
Courtney Wicher, University of California, San Diego
Noppol Witvorapong, University of Bath

2005-2006 Degree Recipients

Ph.D. Recipients

Melissa Ruby Banzhaf, "Structural Differences in Job Turnover and Wage Growth by Sex and Education" (Advisor: Blau)
Danny Davis, "Mechanism Design in Procurement with Subcontracting Price Signals" (Advisor: Tauchen)
Timothy Diette, "The Algebra Obstacle: Access, Race and the Math Achievement Gap" (Advisor: Darity)
Gregory Givens, "On the Design and Estimation of Optimal Monetary Policy in An Economy with Nominal Rigidities" (Advisor: Salemi)
Yuriy Kitsul, "Essays in Financial Econometrics" (Advisor: Gallant)
Joon-Suk Lee, "Essays on Applications of Game Theory" (Advisor: Biglaiser)
Sahminan Sahminan, "Three Essays on the Dynamics of International Finance in Southeast Asia" (Advisor: Conway)

M.S. Recipients

Tod Hamilton
Bomani Jones

Ke-Zong Ma
Wahyu Pratomo

Revisions to the Graduate Record Exam

The GRE exam has undergone a number of changes over the last 30 years with even more changes planned for the fall of 2007. The current GRE is quite different from the exam that I took back in the days when the ACC included only seven teams. Since then, the Graduate Record Examination Board (whose members now include Prof. Linda Dykstra, Dean of the UNC Graduate School, along with the Graduate Deans of my alma maters) added an analytic reasoning component with standard combinatorics questions such as the number of ways of arranging five professors at a conference table.

Four years ago, the analytic reasoning was replaced by an analytic writing section with two essays, the shorter of which is the analysis of a written argument and the longer of which is an opinion on a controversial issue, such as the merits of generalists versus specialists. The Educational Testing Service, which administers the GRE and SAT, hires and trains college professors as graders. Two of them score each essay on a six-point scale. If their scores differ by more than a point, a third reader adjudicates. The essays for other admissions exams, including the GMAT for MBA students, are scored by a reader and the E-rater computer program, with another reader resolving any scoring differences. For the GMAT, such differences arise on only three percent of the exams. Research studies for the GRE have found fewer differences between the scores of a trained reader and the E-rater program than between two trained readers, but strong opposition to computer grading has precluded its use for the GRE or SAT.

In the 1990s, the GRE switched from the familiar paper and pencil format to a computer-adaptive test design in which the difficulty of the test questions presented to a student depends upon whether or not previous questions were answered correctly. At the beginning of each multiple-choice section of the exam, the computer randomly selects one of the medium-level difficulty questions from a pool. If the answer is correct, the computer raises the score and randomly selects a harder question. Conversely, if the answer is incorrect, the computer lowers the score and selects an easier question. The exam proceeds in this style with more points awarded for correct answers to more difficult questions. A student cannot skip questions and cannot go back to check answers. The exam is given six days a week (except holidays) at private and university sites throughout the country. The pool of questions is large and changes infrequently.

Unanticipated security problems arose when students who had already taken the exam posted questions on web sites throughout the world. In response, the new 2007 exam will be computer based in that the questions will appear on a computer screen, but the exam set-up will be the same as with a previous pencil and paper exam. While taking the exam, students may skip questions and may go back to check their answers. The exam will be given only 30 times per year, all students taking the exam on the same day will have the same questions, and questions will not be re-used. In addition to the format, the content of the GRE exam will be revised for 2007. The focus on the verbal section will be less on rote vocabulary memorization and more on reading comprehension. Consistent with this objective, questions on critical readings skills are replacing the analogies and antonyms. The level of mathematics on the analytical section will not change but the exam will emphasize data interpretation rather than high school geometry. As of now, calculators are not allowed for the exam, but the computers on which the new exam is administered will include a basic four-function calculator. To incorporate all of the new features, the exam time will be lengthened from 2 hours and 30 minutes to four hours. The scoring scale for the verbal and quantitative sections will also change. Rather than the familiar 200 to 800 point scale in 10 point increments, the scores will range from 130 to 170 in 1-point increments.

Alumni News

Michael Foster (1984) recently informed us that he and his wife, Mary, and 4 children, Hannah (13), Evy (11), Gabriel (9), and Miriam, are all moving back to Chapel Hill. Mike will be Professor of Maternal and Child Health in the School of Public Health.

Upon receiving his Ph.D., **Peter Mooney** (1970) went to work for the Irish Government. Upon returning to the U.S. in 1980, he worked as a market research

analyst and Professor of Economics at the Stamford branch of the University of Connecticut. In 1993 he set up his own company conducting both single-client and multi-client market research for both domestic and foreign firms. His company is currently based in Advance, NC. He applauds the concept of the Carolina Entrepreneurship Initiative and the initiation of the Entrepreneurship minor in the Department.

Jesse C. Fisher, Jr. (1962) continues a busy life as President of J.L. Powell and Company, Inc., in Whiteville, NC, and as a Director in several other closely held corporations. He is also involved as part owner in the golf business and recently established a flooring manufacturing division with his son. Music continues as a favorite hobby, and he performs as a soloist with the Southeastern Oratorio Society.

Pursuing a second career is **Alan Baughcum** (1969) who retired from the Economic Analysis Group of the Antitrust Division of the U.S. Department of Justice in December 2005. In January 2006 he began a new career as an ordained minister of Plymouth Congregational United Church of Christ in Belmont, MA.

It is with regret that we note that **Peter W. Harmon** (1968) passed away on February 17, 2006. He was Professor Emeritus of Economics and Computer Information Systems at Rhode Island College and served as the Director of the Computer Center for 16 years. During his university career he received a Fulbright teaching Fellowship and the David M. Harris Excellence in Teaching Award.

John Kendrick (1939) is retired (Prof. Emeritus, The George Washington University) and is enjoying retirement---playing bridge, dancing and attending movies. He is now in the midst of writing his memoirs after completing twelve economics books during his academic career. He hopes to attend his undergraduate class reunion in 2007 when he will be 90 years young.

Brian J. Cody (1983) is Vice President at CRA International and is assigned to the Chicago office. CRA provides assistance in developing and analyzing transfer pricing structures, negotiating Advance Pricing Agreements and developing strategies of successful resolution of transfer pricing controversies at the audit level. Brian has also provided assistance on numerous cases at the federal level, state level, and non-U.S. intercompany pricing controversies.

Stephen N. Hu (1966) recently retired from the Michigan Department of Transportation where he worked as a statistician. While employed there he continued to work on academic research and present papers at academic meetings. His "A Solution to Roulette," which he presented at the American Statistical Association Meetings in 1993, has received considerable attention by scholars throughout the world.

Rody Borg (1986) was named Jacksonville University's Professor of the Year at the annual Faculty Recognition Dinner on March 29. Rody is a professor of economics and has been on the JU faculty for more than 20 years. He currently serves as chair of the Faculty Assembly and in the past has directed the MBA program and served as interim Dean of the Davis College of Business. He also organized the Florida Business Challenge for high school students. The winner of the Professor of the Year award is chosen by faculty vote, and is the highest peer recognition given to a JU faculty member. It recognizes a professor "who best embodies as a teacher the ideals of the University."

John Nail (1991) is currently the Supervisory Economist in the Advanced Technology Program at the U.S. Department of Commerce. He passes his best regards to all his former UNC acquaintances.

Lisa (1967) and **Jim Fox** (1968) stopped by the Department while on the Hill to attend a UNC-Maryland basketball game. Jim retired from USAID in 1999, but has continued work as a consultant for the World Bank and USAID and to write for Brookings and other think-tanks. Lisa continues to be the director of economic training at the State Department's Foreign Service Institute. Her flagship program is a 9-month course in economics for diplomats specializing in economics, though she also oversees dozens of other shorter courses.

Susan Chen, (2004) was appointed an Assistant Professor of Economics in the Department of Agricultural Economics at Purdue University in January 2006.

Frank Warnock (1999) recently became a Faculty Research Fellow with the NBER and an Associate Professor at the Darden Graduate School of Business, University of Virginia, Charlottesville. Prior to his new appointments he was at the Board of Governors of the Federal Reserve.

Florian Strassberger (1989), his wife, and three sons live in the Taunus-Region countryside close to Frankfurt in an area almost as nice and hilly as

Chapel Hill! He is still working at the same bank which has been renamed the DZ Bank after a merger in 2001. His job has changed completely as he is now responsible for investor relations. He encourages all of his old acquaintances to stop by and see them if you are passing through Frankfurt.

Upon retirement from Old Dominion University in the mid-90s, **Charlie Blitch** (1966) taught briefly here at Carolina and then retired to the country home of his grandfather north of Statesboro, GA. This home was out of the family for 90 years and Charlie bought it upon retirement. Charlie has recently had back surgery so he is receiving home health care and is home bound. I know that he would greatly appreciate any of you who might send him a card or letter. The address is 8075 Lakeview Rd., Statesboro, GA 30461.

This fall, **Kurt J. Beron** (1985), Professor of Economics and Public Policy at the University of Texas-Dallas, began a four-year term on the Research Committee of the National Collegiate Athletic Association, the governing body of college sports. The 10-person Research Committee oversees all research initiatives involving athletics at the NCAA's more than 1,000 member schools at the Division I, II, and III levels.

Thomas Husted (1986) is the Associate Dean for Academic Affairs in the College of Arts and Sciences, American University. His office handles undergraduate advising and graduate awards for Masters and PhD programs.

Jonathan R. Veum (1990) is the Market/Credit Risk and Strategy Director at Freddie Mac, where he is responsible for analytical models used to value fixed-income securities. He also teaches macroeconomics for the Johns Hopkins Applied Economics Program.

Since arriving at Rollins College, **Benjamin Balak** (2001) has developed several courses on culture and economics including courses on movies and cyberpunk. He and **Jonathan Lave** (1999), who is working in the law firm of Shearman & Sterling, published a paper on law and economics, and they are continuing their collaboration on other research projects.

Entrepreneurship



John Stewart
Director, CEI Minor

I am pleased to report that many new milestones were passed by the Entrepreneurship Minor this year as the program continues to develop and grow. From an entering class of 46 students from 27 different majors in our first year,

we have grown to an entering class of 86 students in our second year.

Our first five minors graduated this spring: Joel Thomas (Biology), Spencer Robinson (Political Science), Charles Gillespie (Political Science), John Wadsworth (Peace War and Defense), and Gordon Bowman (Management and Society). Besides these five, two other students, Adam L. Rubin (Economics and Psychology double major) and Jonathan L. Thompkins (Economics and Political Science double major) completed all of the requirements but could not officially receive the degree because they are double majors. Of the seven who completed the minor, two of our graduates have launched their own ventures. Joel Thomas is working full time on his social venture Nourish International, and Charles Gillespie has just obtained financing for his web venture and is living in Shanghai, China.

I continue to benefit from the constant assistance of Buck Goldstein, UNC Entrepreneur in Residence and Senior Lecturer in Economics. This year the gateway course, ECON 325, attracted 130 applications and we were able to accept 86 students to begin the minor. Our students come from a wide variety of majors from Physics to Art History, all motivated by the idea of learning about the entrepreneurial process. Fifteen Economics majors started the minor this year and 30 other majors are represented in the class. Buck and I are teaching two sections of the gateway course this fall to meet the increased demand. This is the third year of the five-year Kaufman Foundation grant that supports the Carolina Entrepreneurial Initiative (CEI) of which the minor is a key component.

ECON 325 provides the students with a broad introduction to the process of entrepreneurship including the basic business skills of marketing, finance, and strategy. We were fortunate, again this year, to have several entrepreneurs visit the class and share their insights. Designer and Entrepreneur Alexander Julian provided many insights into the pitfalls that lie between creativity and a viable business. Jud Bowman, Chief Technical Officer at Motricity, described his eight-year trip from a dorm room at the Science and Math High School to the board room of a company selling \$1.3 billion of cell phone ring tones and content per year.

After completing the gateway course, students will take a workshop course in a

selected area of entrepreneurship. This year we are offering workshops in both social and commercial entrepreneurship, and new this year, scientific entrepreneurship. Professor Holden Thorp, Kenan Professor and Chair of Chemistry, an entrepreneur himself, is leading the effort in scientific entrepreneurship, and will offer the new workshop this spring. By next year we hope to be able to offer a fourth workshop in artistic entrepreneurship.

Our first class spent their summer completing the internship that is a part of the minor. Students worked in a variety of different entrepreneurial companies and non-profits around the triangle and across the country. Nine of our students did their internships in Asia. Three students worked in Bangkok, Thailand, and six were in Beijing, China for the summer. All of the students reported that the internship experience really opened their eyes to the world of entrepreneurship. I was fortunate to be able to visit both Bangkok and Beijing to see our interns in China.

Buck Goldstein joined me in Beijing, and we spent much of our time developing internship opportunities in the extremely active Beijing entrepreneurial community. In summer 2007, we hope we are able to place 25 of our student interns in China.

For more information about the Entrepreneurship Minor see the CEI website (www.unc.edu/cei) or contact me (john_stewart@unc.edu).

If you had asked me a year ago where I would be living the summer between my sophomore and junior year, Beijing, China, would have been as far from the realm of possibilities as it is laterally on a map. With absolutely no background in Asian studies, let alone the Chinese language, it was a leap into the unknown. However, minoring in Entrepreneurship required a summer internship, and given China's rapidly growing, increasingly dynamic economy and vastly different culture, a trip to Beijing seemed like a sensible idea as well as an adventure.



Todd Gardner Jr., Public Policy

As a result, mid-June found me and 5 others in the minor embarking on a 14-hour flight to what is considered the most entrepreneurial city in a country of over one billion people. For nine weeks we would immerse ourselves in the culture, learning just enough of the language to get by, enough of the business culture to grasp the major differences between China and the US, and sample a few beers along the way. We would get lost in taxis, become masters in the art of bargaining, take pictures on the Great Wall, and quickly grow accustomed to the delicious Chinese cuisine. We would also meet with some of the most entrepreneurial minds in the city, and in so doing gain some extremely valuable insight into the Chinese business world. I worked with a small start-up called YiBianZhongGuo, whose main proficiency was translating restaurant menus from Chinese to English. I held many responsibilities over the eight weeks that I worked there, many of which I was completely unqualified for—everything from market research to website design and development,

t-shirt design, and a significant amount of marketing mixed in as well. While working at YBZG, we actually developed a measure of the Price Purchasing Parity using a Chinese good and Chinese currency, an offshoot of the Big Mac index called the Gun Bao Ji Din index (Kung Pao Chicken, for those familiar with the cuisine). The tasks varied from week to week, giving me insight not only in the actual work that I was doing but also into the extent to which multi-tasking is vital in running a small business. The previous coursework in the minor aided a great deal in both increasing my efficiency within the company and helping me take away as much as possible from the internship. The lessons learned over the summer will not be soon forgotten. I now have a much fuller grasp of what it takes to start or interact with a small business in China. I obtained some valuable work experience through my internship that will undoubtedly aid any future job, start-up or otherwise. I was immersed in a completely different culture for nine weeks, and as a result I developed a much different, and I feel much more accurate, world view of the Chinese culture, influenced less by our media and more by the realities of their society. And, I learned to stay off of overnight trains to Xin, but that is an entirely different story.



ip Minor at Carolina

A Social Internship at RTI



David Tuza
Jr., Economics

David Tuza, a rising senior Economics student, was one of the UNC students who interned this summer at businesses and nonprofit organizations located in East Coast markets of the US. David interned at the Kramden Institute in the Research Triangle Park.

The Kramden institute is a nonprofit that takes in donated computers from the Greater Triangle area, refurbishes them, and donates them to middle-school children in public schools who cannot afford a computer in their home. Tuza's internship is an excellent example of a social entrepreneurship. "My job this summer was two-fold," Tuza said, "First, I was to develop a small summer camp in which I would teach 10-12 middle-school-aged students in Durham how to build their own computer. We actually ran two camps (July 18-20 and July 25-27) for about 20 kids total, all of whom took home their own computer after fixing them. The goal of the camp was to help bridge the digital divide among high-poverty Durham middle-school children, and I think we accomplished that. Teaching students about what is inside a PC demystifies how a computer works, which, in turn, gives students a whole new focus on potential careers in technology. More importantly, it really sparks their interest in an area which continues to grow as a major aspect of commercial, social, and home life." The camp was a huge success, providing exposure for Kramden and Tuza through a local television station and newspaper.

In addition, during David's internship Kramden's executive director took another position and the organization's leadership turned to Tuza for help. He thus found himself thrust into a more prominent role. He stayed for an additional month assisting with the entire operation after his formal internship was over. This is a good demonstration of how the summer internship program really is a collaborative effort, highlighted by the entrepreneurial spirit of these students. They were able to see what entrepreneurship looks like in action, not just through the lens of the classroom. Some of the stories the Department is hearing from students like David are proof positive of the value of experiential education.

Amon Anderson
Director, CEI Internship Program

One beautiful day last spring I was walking across campus with my daughter, a recent Vassar graduate with strong opinions about almost everything. "You really love being back in Chapel Hill," she said. I nodded. She went on, "And you love to teach and your work with students." Again I agreed. "The work you get to do with young companies and new projects is very cool" she continued. Again I agreed. Then she turned to me, stopped walking, so as to underline her point, and said, "But there is one thing you need to get straight. You are not an academic."

Even before the conversation with my daughter, I have always been very clear I was returning to Chapel Hill—not as an academic, but as a practitioner. What has been gratifying, and frankly a little surprising, is how welcoming the University in general and the economics department in particular has been to someone who has spent the last 30 years building and investing in companies. This kind of academic involvement by experienced entrepreneurs has become a central strategy of the Carolina Entrepreneurial Initiative ("CEI"), a multi-year effort funded by the Kauffman Foundation in Kansas City and committed to making entrepreneurship part of the fabric of the UNC campus.

Equally important, from the very



Buck Goldstein
Entrepreneur in Residence

beginning the CEI defined entrepreneurship broadly to include commercial, scientific, artistic, and social efforts. As a result, the minor in entrepreneurship, which is based in the Economics Department, has attracted students from over 15 majors with the promise that they will obtain skills that will enable them to turn ideas into reality. This commitment to partnering with experienced entrepreneurs combined with a broad definition of entrepreneurship has resulted in a series of events and experiences that are new to the campus here in Chapel Hill. For example:

—Lucius Burch, a legendary venture capitalist, talked to a class of budding entrepreneurs about the importance of personal relationships in sustaining any new endeavor and was so taken by one of the class projects that he stopped his talk and handed the team leader his business card;

—Wendy Kopp, the founder of Teach for America, received a strategic plan formulated by the introductory entrepreneurship class for her forty-million-dollar-a-year organization and was stunned by its thoughtfulness and clarity;

—Michael Coles, CEO of Caribou Coffee, talked with a class about operational excellence and received in return a candid assessment of how his operations in Chapel Hill stacked up against Starbucks;

—Alex Julian, a Coty award winning menswear designer and Chapel Hill native, recounted his travails when facing the cut-

throat realities of the fashion industry;

—Keith Jarrett, who was involved in hundreds of acquisitions on behalf of the information-industry giant Thomson Corporation, explained how to develop a beginning strategy that will result in a successful exit.

These examples are simply illustrative and are actually the tip of the iceberg. Entrepreneurship is being talked about and embraced within organizations and institutions all over the campus. Julia Sprunt Grumbels, a high-ranking official at Turner Broadcasting and a new resident of Chapel Hill, has begun a monthly discussion group for women entrepreneurs. The YMCA has established an incubator for social entrepreneurs, and the service learning components of the University are actively recruiting and training students interested in employing entrepreneurial skills to create social change. Holden Thorp, Chairman of the Chemistry Department and Lowry Caudill, formerly CEO of Magellan, are joining forces to launch a project to train scientific entrepreneurs. The list gets longer almost daily.

What is important about all of this is that a new conversation has begun on the UNC campus. It is one that values the insights of the practitioner as well as the academic. It centers on the practical issues involved in turning ideas into reality. Most importantly, it explores new ways to give undergraduates the skills they will need to compete in the twenty-first century.

Undergraduate Majors

New Curriculum and Course Numbering

This fall, the University rolled out the new undergraduate curriculum. For students entering this fall, the old system of General College requirements and perspective has been replaced with requirements for “foundations,” “approaches,” and “connections.” The most noticeable change for Economics is that all of our old familiar numbers are now gone. Though this is bound to create some confusion for a semester or two, it will, in fact, make it easier for students to navigate through the major. Only undergraduate courses numbered 400 and above will count for the major. Economics 400 (statistics), 410 (micro), and 420 (macro) are required, and

students can choose four more courses at the 400 level and above. The one “advanced” course requirement remains, and this can be satisfied by taking one course numbered 500 and above. Our Senior Honors program, now numbered Econ 691 and 692, still satisfy the advance course requirement. Perhaps the biggest change affecting students is that the Financial Markets course (old Econ 185) was restructured during the curriculum change and is no longer an advanced course. The new number for Financial Markets is Econ 423. Students who took the course under the old number will be given credit for completing the advanced course, but students taking it under the new number will not.

Graduating seniors are reminded to check with your Arts & Sciences

academic advisor to verify that you have met all College requirements for graduation and to complete the necessary paperwork. Students can use the on-line “Degree Audit,” available at Student Central on the UNC-CH website to check their progress. If you have questions about meeting your economics major requirements, stop by the office or send us an email.

New Joint Degree Program with NUS

Beginning in the fall of 2007, Economics majors will be able to get two degrees for the price of one and spend up to two years in Asia at the National University of Singapore. UNC-CH and NUS have negotiated a new program under which students at both universities will spend between one and two years at the sister campus and complete a degree that will be issued jointly by both universities. Economics is one of the first five majors that will be participating in this new exciting program. Other participating departments include History, Political Science, Geography, and English.

This new program will provide students very intensive education in Economics, taking a total of 20 economics courses to complete the major and would be excellent preparation for students who are interested in graduate studies in Economics. It will also provide students with a great opportunity to live in one of the most dynamic cities in Asia for one or two years. All instruction at NUS is in English.

Professors Akin and Stewart visited the campus of NUS this summer and report that the facilities and faculty are excellent. The National University of Singapore is generally recognized as one of the best universities in Asia. Students interested in getting more information about this program should contact Professor Stewart.

ODE was led this past year by President Betty Tao and Faculty Advisor, Professor John Stewart. The annual induction was held on April 18, 2006 and well attended by inductees, family and friends. Membership is open to outstanding junior and senior economics majors as well as graduate students in economics. Only top students are invited into membership, and this past year, less than 10% of eligible members received invitations to join.

For an unprecedented third year in a row, Professor Ralph Byrns received the annual ODE Outstanding Economics Professor Award. Byrns was cited for his many contributions to the undergraduate program including the mentoring of many students, serving enthusiastically as faculty advisor to the Economics Club, being a stimulating and effective classroom teacher, and effectively advising senior honors theses. Professor Byrns was the featured speaker at the induction ceremony and gave an insightful and entertaining talk on the value and relevance of an economics education in dealing with real life situations after Carolina.

Omicron Delta Epsilon 2006 Inductees

<i>Dane M. Anderson</i>	<i>Chi-Hung Liao</i>	<i>Samuel A. Smith</i>
<i>Laura Jane Anderson</i>	<i>Maxwell Lynn</i>	<i>Valerie A. Smith</i>
<i>Michael J. Aull</i>	<i>Mai Anh Ngo</i>	<i>Mark Sussman</i>
<i>Andrew Basedow</i>	<i>Jeffrey R. Pote</i>	<i>David C. Sweigart</i>
<i>Rex A. Dwyer</i>	<i>Kyle Powers</i>	<i>Davis B. Templeton</i>
<i>Susan R. Fisk</i>	<i>Robert Prim</i>	<i>Nat Tharnpanich</i>
<i>F. Peter Franconi</i>	<i>Daniel B. Reeves</i>	<i>Marc A. Trovero</i>
<i>Jonathan A. Friedman</i>	<i>Daniel Reich</i>	<i>Ryan S. Wesslen</i>
<i>Seth A. Glazer</i>	<i>Adam L. Rubin</i>	<i>Holly S. Wheeler</i>
<i>Thomas Hylands</i>	<i>Daniel C. Savas II</i>	<i>Yi-Ching Wu</i>
<i>Lindsay D. Kirkham</i>	<i>Michelle Schaaf</i>	

The Class of 2006 Honors Theses

Seven of our top Economics majors successfully completed the Senior Honors Program this past academic year. The program consisted of completing two required seminar courses, Economics 691 and 692, designing and completing an honors thesis under the direction of a faculty advisor, and passing an oral defense of the research. This past year the honors program was directed by Professor Koleman Strumpf. This year was unique in that all the participants that successfully completed the program were awarded their degree in Economics with "Highest Honors." The award for the best honors thesis was shared by Susan R. Fisk and Robert Palmer Steel. Susan worked under the supervision of Professor Ralph Byrns and Robert was advised by Professor Donna Gilleskie.

Susan R. Fisk, "Does Competition Make Women More Attractive? An Inquiry into the Percentage of Women on College Campuses and its Effect on Average Female Appearance."

Mejs Hasan, "Residential Area as an Indicator of School Performance and Economics Integration for Students of Foreign Background in Sweden."

Thomas B. Hodges, "Behavioral Analysis of Commercial Bank Mergers: Are Banks Really Profit Maximizers?"

Thomas H. Hylands, "Sports versus Politics: The Battle for Representative Supremacy in Twentieth Century America."

Robert W. Kay, "Troop Deployments in Operation Iraqi Freedom: An Analysis of the Effect on Iraqi Civilian Casualties and Presidential Approval Ratings."

Robert P. Steel, "The Impact of the North Carolina Cigarette Excise Tax Increase on Cigarette Sales and Tax Revenue in North and South Carolina."

Marc A. Trovero, "Can Betting Markets Be Used to Predict Fixes in Sporting Events?"

Life After Carolina



Douglas Sue

After graduating with highest honors from UNC-Chapel Hill in 2004, Douglas Sue, Economics and Psychology double major, joined Bank of America's Investment Banking Division in New York, specializing in corporate finance for financial institutions. At Bank of America, Doug worked in several areas, including some billion-dollar projects that included initial public offerings by fledgling corporations and leveraged buy-

outs of established firms by private equity firms.

Doug recently joined Morgan Stanley's Firmwide Strategy and Execution Group. In this new role, he focuses solely on principal mergers and acquisitions. This involves analysis of large acquisitions in addition to small to medium sized "bolt-on" acquisitions. He is also working in asset management and specialty finance industries. Most recently, Doug was involved in Morgan Stanley's acquisition of a stake in the distressed asset hedge fund, Avenue Capital.

Doug enjoys his work thoroughly, and he is currently applying to MBA programs with the intent of beginning graduate school in the fall of 2007.

Carolina Economics Club

The Carolina Economics Club is intended as a resource to all members of the UNC community. They seek to foster a better understanding of applicable and relevant economic issues within our society.

To learn more about upcoming lectures and events, or how you can join the Club, please visit their web site <http://www.unc.edu/~sdbtrice/econclub-dev/html>.

Undergraduate Awards

In the 2005/2006 academic year 190 students received undergraduate degrees in Economics. There are currently 531 declared first and second junior/senior majors in Economics, and 163 freshman and sophomores have declared the Economics major.

Last year 14 Economics majors were initiated into Phi Beta Kappa again reflecting the high quality of our majors.

2005/2006 Phi Beta Kappa

Robert Z. Chang Courtney D. Enlow
Susan R. Fisk Divya Gopal
Jordan C. Hicks Jonathan D. McNeill
Reid A. MacHarg Devin M. Markell
Jeffrey Ryan Pote Adam M. Rodman
Michelle A. Schaaf Mark B. Sussman
Davis B. Templeton David D. Werry

Department Awards

Special Department recognition was given to Susan R. Fisk who was awarded the Undergraduate Prize in Economics, presented annually to the top graduating Economics major. The

Department Undergraduate Honors Prize in Economics, awarded to the author of the best senior honors thesis, was given jointly to Susan R. Fisk and Robert Palmer Steel. Susan also won the Honorable Mention (second place) award for her honors thesis at Duke's Annual Economic Student Union Undergraduate Research Symposium.

Undergraduate Research Fund

Funds are available through the Herbert B. Mayo Undergraduate Research Fund through the Arts and Sciences Foundation. These funds are used to support undergraduate research by covering costs of data collection, travel necessary for undergraduate research, computer software, etc.

Interested students should contact John Stewart, jfstewar@email.unc.edu.



Undergraduate Alumni News

Andrew Sprouse (1999) received a Master of Regional Planning degree from UNC-CH in 2004. His work at the Wake County Planning Department, Long Range Planning Division, focuses on land use planning and growth management. In May 2003, he married Patricia Oliver. They live in a late 1920's bungalow in Lakewood Park, one of Durham's first streetcar suburbs.

Jeff Thornton (1994) is the Assistant Director of Operations, 4th Space Operations Squadron, United States Air Force, Colorado Springs, CO. He was deployed April to September 2005, to the Headquarters of the US European Command in Stuttgart, Germany.

Elizabeth Thomasson (2003) recently began work at the IMF. She previously worked at the Federal Reserve.

Robin J. Anderson (2004) is a third-year graduate student in Economics at the University of Washington. She is interested in labor economics and econometrics, and is working as a research assistant analyzing CPS data.

Kristopher Kaiser is Overall Corporate Comptroller and Treasurer for ZKS, a commercial real estate and asset

management firm he adquartered in Walnut Creek, California, with offices in Chicago and LA.

Molly Penn (2002) is a 2nd year law student at Duke University Law School. A double major in Economics and French, she worked for a law firm in Chicago prior to returning to law school.

Melodie Potts (2001) is in her first year in the Masters in Public Policy program in the Kennedy School of Government. Prior to returning to school, she worked for two years with the Boston Consulting Group in Atlanta and worked at the Cape York Institute for Policy and Leadership in Australia.

Justin Rao (2005) is a Ph.D. student at University of California-San Diego. He reports that his economics and math training is serving him well in his graduate work.

Upon graduation, **Cecil Sewell** (1969) went into banking and became the CEO of Centura Banks, Inc. It was sold to the Royal Bank of Canada, and he now serves on their board and, is the Chairman of the US bank. In addition, he served on the Federal Reserve Bank of Richmond's Charlotte board for six

years. Cecil claims to be semi-retired, although it is not evident from his current level of activity.

Mary Sentmentes Michailidis (1985) is Head of the Math Department at Stamford High School, Stamford, CT. After leaving Carolina she received a CAS in Computers in Education at Fairfield University and a MS in Secondary Math Education from the University of Bridgeport, CT. Mary was a two-time All American in field hockey at UNC-CH and in 2005 was inducted into the CT Field Hockey Hall of Fame.

W.Gerry Rogers (1971) is Executive Vice President and Chief Credit Officer at North State Bank at North Hills in Raleigh, NC.

Whitney L. Stewart (2005) writes that she is enjoying working in Charlotte, NC, where she is a financial advisor with Ameriprise Financial Services.

Upon graduating from Carolina, **Ruth D. Handley** (1990) pursued a law degree and is currently a practicing attorney in Atlanta, GA.

Gregory C. Baas (1983) is in the midst of building a sport-niche consulting business, "Intellifit LLC". In November 2005, Greg married Teresa Lynn Taylor (1984-Pharmacy) and they live in Grimesland, NC.

Paul Teshe (1980) is currently Professor and Director of the Center for Education Policy Analysis (CEPA), at the Graduate School of Public Affairs, University of Colorado. In 2005, he received a Distinguished Researcher Award from the National Assoc. of Schools of Public Affairs and Admin. His most recent book, "Regulation in the States," was published in 2004 by the Brookings Institution Press.

Charles D. Evans (1967) completed a degree in law after receiving his Economics degree at Carolina and is a practicing attorney with Kellogg and Evans, P.A. in Manteo, NC. He served as Mayor of Nags Head, a Member of the NC House of Representatives, a Member of the UNC Board of Governors and is currently on the UNC-Wilmington Board of Trustees.

NASHUA – Some honors leave even the most outspoken people speechless. This was the case Friday as **Neil Claffey** (1985) was awarded the annual No Bell award at Nashua High School South in front of an auditorium of his students and peers.



Neil Claffey with sons, Thomas and Eli, and wife, Renae Lias

This year was the eleventh that the award has been given to a Nashua teacher in recognition of outstanding performance and dedication.

The award comes in the form of a silver bell without a clapper, meant to emphasize the lack of recognition teachers get. The winner also receives a tax-free check for \$6,000 from an anonymous donor.

Members of the National Honor Society selected Claffey, a social studies teacher whose classes include sociology, AP economics and U.S. history, shook his head in disbelief as he accepted the award. "There are so many others that should win this award," he said. "Someone else is more deserving."

Claffey, who teaches juniors and seniors, has been teaching in Nashua for 17 years. He's known for leading interesting discussions, bringing outside issues into class, and getting to know his students personally. "His classes make you aware about the world," said Ksenia Trikoz, a senior. "I'm considering becoming an economics major because of him."

In 1995, he was recognized by Tufts University as an outstanding teacher after being nominated by a former student.

Reprinted from The Nashua Telegraph, April 24, 2006; article by Matt Hersh; photo by Emily Harris

Faculty and Staff News

Recent Activity

This past year the social fraternity Delta Upsilon established the **Dr. Stanley W. Black Faculty Member of the Year Award** to honor his help in reestablishing the fraternity at UNC. This spring members of the fraternity chose **Ralph Byrns** as the recipient of their first annual faculty member award.

Professor **Patrick Conway** was appointed Bowman and Gordon Gray Distinguished Term Professor effective July 1, 2007.

Professor **Alfred Field** retired effective June 30, 2006. He is, however, continuing to work in the Department and University under a UNC-CH phased retirement arrangement.

Professor **Richard Froyen** is in the final stages of completing a book with Alfred Guender (University of Canterbury) titled "Optimal Monetary Policy Under Uncertainty." It will be published in 2007 by Edward Elgar Publishing.

Professor **Helen Tauchen** was elected to a three-year term as Chair of the Social Science Division in the College of Arts and Sciences, and was also appointed as Director of Graduate Studies in the Department.

Professor **John Stewart** was appointed as Associate Chair/Director of the Undergraduate Program, and also continues to serve as the Director of the Entrepreneurship Minor for the Campus.

Professor **Claudio Mezzetti** resigned effective June 30, 2007. He accepted a position as Professor of Economics at the University of Leicester, United Kingdom.

Professor **Koleman Strumpf** resigned effective June 30, 2006. He accepted a position as Koch Professor of Business Economics in the School of Business at the University of Kansas.

Professor **Wilbert van der Klaauw** resigned effective June 30, 2006, to accept a position as Senior Research Economist at the New York Federal Reserve Bank.

Professors **William Parke, Neville Francis, and Michael Salemi** are each receiving a one-semester research-and-study leave during 2006-2007.

Professor **Steve Rosefielde** served as Professor and Faculty Director of the UNC-CH Study Abroad Program in Beijing, China this fall. In spring 2007, he will serve as a Faculty Fellow in the UNC Institute for the Arts and Humanities.

In Remembrance

Alice Ingram, wife of Professor Emeritus **James Ingram**, passed away on February 18, 2006. A memorial service was held at the University Presbyterian Church.

New Faculty

R. Vijay Krishna, micro-theorist, joined the Department this year. He received a Bachelor of Technology degree in Civil Engineering from the Indian Institute of Technology in Madras, India, in 1998, and a PhD in Economics from Pennsylvania State University in 2004. Prior to coming to Carolina, he served as Lecturer in Economics at the University of Edinburgh. His dissertation focused on issues related to game theory and political economy.



Rita Balaban was appointed fixed-term lecturer effective July, 2006. Rita is an applied micro-economist who did her undergraduate work at Saint Joseph's University and PhD work at the University of Pittsburgh. She taught in the School of Business at Samford University and was Assistant Professor in the Department of Economics and Finance at the College of Charleston.



Stephen Lich-Tyler was appointed a fixed-term lecturer effective July, 2006. He is an applied micro-economist who did his undergraduate work at Texas A&M and received his PhD from the University of Texas. Prior to joining us, he was an Assistant Professor at Centro de Investigacion Economica, Instituto Tecnologico Autonomo de Mexico.



Peter Norman, a micro-theorist, will join our Department in January, 2007. Peter received his PhD in 1997 from the University of Pennsylvania. He served as an Assistant Professor at the University of Wisconsin-Madison and as Associate Professor at the University of British Columbia. His research focuses on applied microeconomic theory and policy.



Awesome Instruction

We continue to take pride in the high quality of Department teaching at both the undergraduate and graduate level. Again this year Department personnel received teaching recognition at both the Department and University level.

University-Wide Teaching Award

Professor **Alfred J. Field** received the John L. Sanders Award for Excellence in Undergraduate Teaching and Service.

Department Teaching Awards

Department teaching awards were presented to two faculty and three graduate students selected by voting processes carried out by the Undergraduate Economics Club and the Economics Graduate Students Association. The presentations were made at the annual end-of-year Department reception.

Professor Boone Turchi received the Department of Economics award for Excellence in Undergraduate Teaching.



Professor Eric Renault received the Jae-Yeong Song/Chunuk Park Award for Excellence in Graduate Teaching.

The Vijay Bhagavan Award for the Outstanding Econ 10 Teaching Assistant was awarded to Steve McMullen.



Leon Ding received the Department of Economics teaching award for the Outstanding Teaching Assistant, awarded to a graduate student teaching their own independent section.

The award for the Best Teaching Assistant in a Graduate Level Course was presented to Tatevik Sekhposyan.



A Letter from the Chair

Greetings to friends and alumni of the Economics Department.



John Akin, Chair

I am sitting in my office looking out at a beautiful early November day in Chapel Hill. The sun is shining, happy students are walking by and the sky is Carolina Blue. I

hope all of you remember such days fondly and that many of you do get back to Chapel Hill once in a while to enjoy UNC in the fall.

During a recent reception, Chancellor Oblinger of NC State, whom I met a couple of years ago at a luncheon for Nobel prize winning Economist Vernon Smith, walked up to me and commented, "I guess neither one of us wants to talk about our football team." He was right, but except for the football team's losses of late, we at UNC have much to be proud of. One of the recent positives for UNC was having the *Princeton Review* and *Forbes Magazine* rank the University of North Carolina at Chapel Hill the nation's #1 campus in fostering entrepreneurship. A major part of the effort at UNC revolves around the Economics Department's Minor in Entrepreneurship.

The state's budget woes finally abated to some extent this past year and faculty raises were above the inflation rate. If that pattern of significant raises continues, and there is reason to believe it will, we should be very competitive in recruiting and retention for the foreseeable future. Much of the credit for the Department's holding its level of excellence through the several lean state budget years goes to you alumni and friends who have so kindly supported us financially. We have been able to use our sources of non-state money for things as diverse as paying for the 100th Anniversary Celebration a few years ago, buying important software for faculty and students, and sending faculty members to professional conferences where they presented research papers and took part in discussions of topics at the forefront of knowledge in their fields. The excellence of our Department has been protected as a result of having three Distinguished

Professorships in house which are funded by gifts rather than by state funds. The faculty members who occupy these chaired professorships provide a base of three exceptionally talented scholars always in the Department, irrespective of the vagaries of state funding.

Our class enrollments and numbers of majors have continued to be very large relative to our faculty size. In the past academic year we hired three new faculty members: Stephen Lich-Tyler, who received his Ph.D. at the University of Texas and specializes in labor and econometrics; Rita Balaban, who received her Ph.D. from Pittsburgh and teaches in the macro and micro areas; and Vijay Krishna, who did his graduate work at Penn State and works in game theory and economic theory. During the year we also successfully recruited Peter Norman, a Micro Theorist and Public Finance Economist whose degree is from the University of Pennsylvania, who will join us in January 2007. Peter has been teaching at the University of British Columbia. We also had three faculty members to leave the Department at the end of the academic year: Wilbert van der Klaauw in Labor, Claudio Mezzetti in Micro Theory, and Koleman Strumpf in Public Finance. We have been given permission by the Dean to recruit three new faculty in the coming recruiting season. We hope to add a Labor Economist, a Micro Econometrician and an Open Economy Macroeconomist.

We continue to pursue outside funding for additional distinguished professorships in the Department. If you are interested in discussing the possibility of a major gift (or a smaller one) please contact me at 919-843-9452, or Brook Alexander at the Arts and Sciences Foundation at 919-843-3920. I should remind you that any gifts to the University, including those to annual giving or to the CAROLINA FIRST CAMPAIGN, can be designated to "The Department of Economics."

There are many other things to be proud of from the past year, such as teaching awards, grants successfully competed for, and placements of students, but rather than go on too long I will leave most of those positive announcements for other sections of this newsletter. I will mention that one of the Department's proudest achievements of the past year was having a valued alumnus, Tom Kenan, awarded an honorary degree at last Spring's commencement. I will

quote from the commencement program, "Few families have been so entwined with the history of this great university and so generous in advancing its interests as have the Kenans....Thomas Stephen Kenan, III, Class of 1959, has been integral to furthering that great family tradition over the past several decades."

I will close with a straightforward plea for financial support. We believe that we have the potential here at Carolina to be one of the top Economics Departments in the country, but are realistic enough to know that the resources necessary to attain that level of excellence only come with the aid of donors. Even in good budget times, state funds alone simply are not sufficient to allow us to compete with the many very wealthy U.S. Economics programs. Even as the state budget has begun to improve, the need for outside financial support cannot be overemphasized. Please give some thought to what the Economics Department and your economics training has meant to your professional and personal success, and to how important Economics training can be for future students. Both faculty and student activities can be improved immensely with even small amounts of flexible funds. We are reaching a point in time where many universities are going to begin recruiting the faculty of other institutions as their own older faculty retire. We must put together the funding to maintain our excellence.

Those of you who have taken the time to read this are without doubt among those who have kept attachments to UNC Economics. We at the Department want to keep those links as strong as possible. You and your accomplishments are an important component of the Department's contribution to society and to our feelings of success. We try to keep up with you and your lives and careers, but it is difficult not to miss things. Please send us updates on yourselves and your families when you can.

I hope all of you will feel free to drop in at the Department if you are in Chapel Hill. We are still in Gardner Hall, right in the middle of campus amidst all the new construction. I hope to personally welcome you and will be glad to take you out for a coffee or lunch. Please do stop by.

I wish all of you a good year.

Sincerely,
John S. Akin

Let Us Hear From You

Name _____

Year graduated _____

Address _____

Degree _____

Current employment, family status, and other interesting information to pass on to classmates in our next newsletter.

Please mail to: Professor Al Field, Department of Economics, CB# 3305 Gardner Hall, UNC-CH, Chapel Hill, NC 27599-3305; or fax to: 919-966-4986

2006 Commencement
Department Reception



