



DEPARTMENT OF ECONOMICS NEWSLETTER  
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL  
FALL 2000

*From the Editor*



Welcome to the second annual Economics Department newsletter. We were pleased with the positive response to

last year's newsletter and with the many personal updates that were sent to us either by e-mail or by handwritten note. It was gratifying to hear of the many personal achievements you have made since leaving Chapel Hill and of your appreciation for your Carolina education in general and the Economics major in particular. I hope that you will find this second edition of the newsletter equally interesting and informative and that more of you will take the time to drop us a note and let us know about some of the interesting and important experiences you have had since graduating. Any suggestions you might have for improvements in the Economics program from your perspective in the "real world" would be greatly appreciated.

Interest in economics has continued to grow this past year as both our total class enrollments and number of economics majors have grown significantly. With the number of junior/senior majors now at 530 and the number of total students taught at well over 3000 per year, we have faced increasing pressure in both number of course offerings and classroom space. At the principles level the newly renovated Carroll auditorium has permitted us to meet growing demand. This fall we are teaching nearly 1200 principles students

in three large lecture sections. This heroic task is being done by Professors John Stewart, Boone Turchi and Jim Wilde with the able assistance of fourteen teaching assistants. We have met the remaining increased demand by slightly increasing class size and hiring several visiting faculty. Because of the demand for our courses and because we have had a recent decline in faculty, we have been given permission to hire 3-4 new permanent faculty members this year. We are looking forward to this opportunity as a means to strengthen several important areas and to add further to the quality of our faculty. In general we feel very positive about the state of our undergraduate program. Our majors continue to do well in post graduate activity, whether it be admission to post-graduate academic programs or attainment of interesting, well-paying jobs in the private and public sector. The overall quality of our majors remains high, as evidenced by our large number of Phi Beta Kappa initiates and students graduating with honors in economics.

Administratively, we have experienced a changing of the guard as Prof. David Guilkey's term as Department Chair came to an end and Prof. John Akin took on the Chair duties for the next five years. There was also a change in the Director of Graduate Studies as Prof. Helen Tauchen took over from Prof. Bill Parke. All in all, the administrative changes went smoothly and the Department is well focused on becoming stronger. We are pursuing a number of important objectives, including the aforementioned new hires, increasing outside funding for the Department and celebrating the upcoming centennial year

of the Department in 2001. The faculty continues to be successful in obtaining research grants and publishing in high-quality journals, and our commitment to undergraduate teaching remains strong. We were especially pleased this past year to hire Prof. Eric Ghysels to fill the new Edward Bernstein Chair in Economics. Eric's specialty is financial econometrics, and he seems especially well suited to this particular chair, given the late Dr. Bernstein's interest in finance.

As always, we encourage you to stop by and see us whenever you are in Chapel Hill. In addition, please let us know something about yourself that you would like to share with former econ majors and the Department. Let me also reiterate the request to pass on to us ideas you might have to improve the background of our majors as well as any internship programs that you think are especially relevant for them. Intern programs can be an extremely valuable experience for the undergraduate and often provide much needed direction and focus to the broad liberal arts background upon which the economics major is built. Your comments, questions and personal items are welcome by surface mail at the address given in our newsletter and at the following email address: [afield@email.unc.edu](mailto:afield@email.unc.edu). For up-to-date information on the Department, its staff, course offerings, and activities, check our website at <http://www.unc.edu/depts/econ>. We hope that you have all had an outstanding 2000, and that we will see a number of you at our centennial weekend in April.

*Al Field*

# Research at Carolina

Research carried on by the faculty and students in economics continues as a critical activity in the Department. In our first newsletter we focused on providing an overview of all student and faculty research currently underway in the Department. In this edition, we are going to focus on the research of several professors in three different areas which will give you a more in-depth picture of the nature and policy implications of this ongoing activity. In addition, the research of Professor Eric Ghysels, the recipient of the new Bernstein Chair in Economics, is presented in the Faculty and Staff notes section. The research efforts of both faculty and students has continued to benefit from grants and endowments from prestigious funding sources as well as contributions to the Department's trust fund through the College of Arts and Sciences. Again, to all who have contributed—Thank you!

## Carolina ... Once and Again



At Carolina, we've known for a long time that, *You Can't Go Home Again*, but Robin Watson (BA 1970) is pursuing the next best thing: some 30 years after he earned his BA in economics at Carolina, Robin returned this fall to teach in the department.

Robin's last undergraduate semesters at Carolina witnessed an appreciably higher-than-average level of turmoil—remember the '60s? Vietnam issues were on everyone's mind and he has clear memories of participating in enormous demonstrations over the War in general and specific protests over the Cambodian incursion and Kent State. Robin also distinctly remembers trudging to Raleigh to join the Navy fully three days before he would have been invited to join the Army. Having had a brother serving as an Army forward observer in the Mekong Delta during his last year at Carolina reinforced the relative appeal of life aboard ships.

After Navy Officer Candidate School, Robin spent three years as a line officer aboard the USS Long Beach, a nuclear cruiser. It was during one of those interminable mid-watches on an extended cruise that he resolved, first, to pursue a future beyond the Navy and, second, to find a career where he didn't dread Monday mornings. Economic Research seemed to fit the bill even though he was "at sea" about where or how to pursue this vague ambition. Thus, upon completion of his national service obligation in 1974, Robin spent the next four years at the University of Tennessee where he earned his Ph.D., concentrating in quantitative methods and international economics. Research grants allowed him to pursue projects that analyzed the relationships between energy and environmental issues.

Robin accepted a position as an analyst at the CIA in 1979. Most of his research there has centered on Western and Eastern Europe, including the former Soviet Union. Nearly all of his CIA career has been at headquarters on the Virginia "campus" outside Washington DC, except for a three year stint with the State Department as an Economics Attaché in the Paris embassy. Since 1995, he has been chief of the Agency's Econometrics and Economic Data Team.

Over the years, Robin has maintained loose ties with the Economics Department and, fortuitously, his search for a broadening experience coincided precisely with Professor Stanley Black's opportunity to spend a year with the International Monetary Fund in Washington. Robin agreed to teach Economics 160, European Economic Integration, for Fall semester. Robin's background and experience have matched up nicely with the course curriculum. His 20+ years of analyzing evolving economic trends and crises in support of Washington policymakers has focused his attention on the practical application of sophisticated economic theory. He exploits this experience in Econ 160 where economic theory operates in a rich dynamic that includes social, political, and cultural phenomena. The course material includes an extensive array of "real-world" economics including the European Monetary Union, the Common Agricultural Policy, the World Trade Organization and, of course, the EU-US banana crisis.

## The MEASURE Project



David Guilkey is the Senior Technical Advisor for the **MEASURE Evaluation Project**, a five-year \$30 million co-operative agreement between the University and the U.S. Agency

for International Development (USAID). The purpose of this program is to improve and institutionalize the collection and utilization of data relating to decisions in population, health, and nutrition. **MEASURE Evaluation** works with developing countries, USAID, and international agencies to plan and implement cost-effective strategies to achieve USAID's objectives for family planning, maternal health, child health, and HIV/AIDS/STI prevention and control by:

- Improving coordination/partnerships in data collection at international, USAID, CA, and country levels.
- Strengthening host country institutions.
- Improving tools and methodologies to achieve increased technical relevance and usefulness of data collection and analysis for customer and program needs.
- Improving information through appropriate data collection, analysis, and evaluation.
- Improving dissemination and utilization of MEASURE results.

Guilkey has been heavily involved in both the training and research-related activities of the project. As part of the training mission, government and University researchers from developing countries were brought to UNC-CH for six-week-long training programs. He taught advanced multilevel modeling methods to this diverse group, with an emphasis on methods that could be used in developing countries. This training program has been highly successful and has led to the implementation of state-of-the-art evaluation methods in all parts of the world.

His earlier research for the **MEASURE Evaluation Project** work involved the estimation of (reduced form) equations that evaluate the impact of family planning programs on fertility intentions, contraceptive use, and fertility in 13 countries. He has also worked closely with the USAID

Mission in Tanzania to evaluate the impact of the Family Planning Support Services project on contraceptive use in Tanzania. He has directed the Project's facility level data collection efforts that have allowed the Mission to not only monitor the logistics, education, and training components of the program but also link the data with population-based data for multivariate analysis. Finally, joint work with Gustavo Angeles (a former graduate student in the Economics Department) and Tom Mroz has generated methods for evaluating family planning programs when they are targeted to specific locations and no experimental data is available. In an application of their methods to Tanzania, they find substantial bias in the estimated program impact when simple methods are used relative to methods that correct for program targeting.

Professor Guilkey's current research includes continuing data collection in Tanzania where he has helped develop a new sampling strategy for health facility surveys that should dramatically improve upon the dual functions of program monitoring and evaluation when linked to population based surveys. He has also organized a USAID Global Initiative to study the effect of health care decentralization in developing countries. Currently, studies in Uganda, the Philippines, Paraguay, and Tanzania are part of this initiative that should provide vital information on the cost effectiveness of

health care decentralization and the impact of this reform on individuals in these countries.

For more information on MEASURE, contact David at david\_guilkey@unc.edu.

## **Racial and Ethnic Inequality and Labor Market Outcomes**

**Professor William (Sandy) Darity** is involved in a number of ongoing research projects focusing on racial and ethnic economic inequality. One of these projects focuses on comparative cross-national analyses of inequality by examining the evidence on market-based discrimination against subaltern groups across countries. A very compressed version of an initial set of findings based on data from 12 countries appeared in a piece coauthored with Jessica Nembhard in the May 2000 proceedings issue of the *American Economic Review*. In a separate related paper, coauthored with Ashwini Deshpande, he explored the implications of decomposing the Theil inequality index to accommodate intergroup disparity. This paper recently appeared in the Winter 2000 issue of *The Eastern Economic Journal*.

A second line of research, carried out jointly with Jason Dietrich and David Guilkey, has resulted in a forthcoming

paper in the *American Journal of Economics and Sociology* that demonstrates empirically that the labor market outcomes of ethnic/racial ancestors a century ago affects outcomes of today's labor market participants. They refer to these as group legacy effects. These effects were estimated using the Integrated Public Use Micro-Sample (IPUMS) that combines all available US decennial censuses from 1850 through 1990. A less technical presentation of this work can be found in a forthcoming opinion essay in "The Chronicle of Higher Education" and in Darity's contribution to the 1999 edition of the National Urban League's annual publication, *The State of Black America*.

More recently Sandy, along with Rhonda Sharpe (current postdoctoral fellow in economics at UNC), has been involved in the computation of the magnitude of funds owed to the historically black institutions of higher education in Mississippi in conjunction with the anticipated settlement of the long-standing Ayers case. At the behest of the state's Department of Public Instruction he also will be working with Carolyn Tyson (Sociology, UNC-CH) and Domini Castellino (Public Policy, Duke) on remedies for the racial achievement gap in North Carolina. Finally, he has published several recent papers in col-  
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## **Senior Honors Theses of the Class of 2000**

Each year our most successful undergraduates are invited to participate in the Senior Honors Seminar and to write an undergraduate honors thesis. In 1999/2000 13 students completed the two-semester honors sequence. Five of the group graduated "with highest honors," while the remaining eight graduated "with honors." Lynne Fogarty received the Economics Department's Best Honors Thesis Award this year. Their names and the subjects of their theses, are presented below.

Graduating with Highest Honors were:

- **MARIA FITZPATRICK**- "The Economic and Socioeconomic Effects of Structural Adjustment Lending by the World Bank from 1980 to 1994"
- **LYNNE FOGARTY**- "Socially Responsible Investment: Valuing Corporate Management" (was also awarded the Economics Department's Best Honors Thesis Award)

- **SHAUN KELLEY**- "The Risk and Reward Implications of Off-Balance Sheet Activity for U.S. Commercial Banks"
- **JOHN KNOCH**- "The Impact of NAFTA on United States Hosiery Manufacturing: Is the United States Losing Its Socks to Low Wages or is It NAFTA?"
- **MINESH PATEL** - "The Effect of Caste on Wealth Distribution in India: An Empirical Analysis"

Graduating with Honors were:

- **SARAH CHISOLM**- "Economic Integration Theory and the Post-Civil War United States: A Case Study of the Southern Region"
- **CHARLES COX**- "An Economic Analysis of the UNC Men's Basketball Ticket Distribution System for Undergraduate Students"

- **NICOLE FUNARI**- "Social Factors Affecting Economic Growth in the Andean Nations of Bolivia, Ecuador and Peru"
- **JOANNA JORDAN**- "Adapt or Leave: White Emigration from South Africa as Apartheid Crumbles"
- **CORINE NORMAN**- "The Past, Present and Future: Tracing Central Bank Independence in Europe"
- **JOEL SAWYER**- "The Influence of Parental Income on the Academic Performance of Students at UNC-Chapel Hill"
- **ERIC VOIGT**- "No More Excuses: A Case Study of Why Education in North Carolina Ranks Below National Averages"
- **SARAH WOOD**- "Child Care Subsidies, Welfare and the Labor Force Participation of Women"

# The Economics of Bookmaking and Sports Betting

While academic research is often demanding, it rarely rises to the drama of NYPD Blue. **Koleman Strumpf** and **Evan Anderson**, Assistant Professors in the Economics Department, must have a flair for the dramatic, as their research has led them to ride with the Brooklyn, New York vice



squad on an early-morning patrol. Koleman and Evan's research interest? The economics of bookmaking on sports events. Koleman is a specialist in local-government regulation of economic activity. He is interested in the business of sports betting, but initially ran into a stone wall in attempting to gather data—none of the legal gambling establishments wanted to open their books to him!

Rather than give up, he reasoned that the economics of illegal bookmaking is quite similar to sports betting. Further, the records of illegal sports bookies often become state property when the bookie is arrested. Why not use that source? He approached the police of Kings County, New York, and was given access to over 12,000 betting records, covering nearly \$12 million in bets, that had been seized in recent weeks. He also ended up on patrol, but that's another story...

Evan is a theoretical macroeconomist, and he joined Koleman in this research (ad)venture to extend his understanding of consumers' decision-making under uncertainty. While Koleman focuses on the bookies, Evan will examine the behavior of the bettors. The data describe a sequence of bets placed by each of roughly 400 individual bettors for as long as a month; each places between 10 and 100 bets. Econo-



mists have many theories for describing choices under uncertainty, but relatively few empirical records to examine. Evan will use the bettors'

choices to test these theories more precisely than is possible with other available data sources.

Sports betting, whether illegal or legal, is thought to be a \$100 billion per year business. Koleman and Evan are among the first to examine the economics of the illegal side of this market, and their findings will improve our understanding of betting behavior. They've also promised that should they find the secret to profitable betting, they'll publicize it here first—so keep an eye on future newsletters.

Koleman and Evan can be reached at cigar@unc.edu (Koleman) and evanders@email.unc.edu

## Carnegie Scholar



Professor **Steven Rosefielde** is one of the 12 members of the first class of Carnegie Scholars chosen for innovative scholarship in education, international development,

democracy and international peace and security. Each scholar will receive considerable funding over the next two years to pursue research in their areas of expertise. Professor Rosefielde's research will focus on "Forgotten Superpower: The Economic Case for Arms Control in the Russian Federation." These awards reflect the Carnegie Corporation's belief that individual scholarship is an important asset in the democratic process where new policy solutions must be supported by credible research and analysis. Rosefielde's research focuses

on an area of special interest to the Corporation, that of political and economic questions facing the former Soviet Union. At the end of the two years, each of the Scholars will submit written reports to the Corporation, which will then disseminate the material deemed to have great national or international significance.

## Mayo Fund supports undergraduate research

Herbert Brown Mayo's endowed fund for undergraduate research in Financial Economics/Financial Markets provides an annual source of funds for undergraduate research, particularly in the areas of financial markets. Three students received awards last year through this fund which proved important in helping them carry out their Senior Honors Thesis research. The recipients included

Lynn Fogarty, John Knoch, and Minesh Patel.

This is an excellent example of how outside funding can contribute to Department teaching and learning objectives. Both the recipients and the Department again express our appreciation to Dr. Mayo for his generosity.

If you are interested in supporting the Department, please contact the Arts and Sciences Foundation, 919-962-0108, or call John Akin, economics chair, at 919-966-2385, john\_akin@unc.edu.

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laboration with Samuel Myers, Jr., Roy Wilkins Professor of Public Policy at the University of Minnesota on the impact of unemployment on imprisonment rates, on occupational crowding by gender and race in Detroit and Pittsburgh, and on family structure and racial earnings disparities.

In addition to his own active research agenda, Professor Darity has played an active role in fostering both undergraduate and graduate research. He has directed the Minority Undergraduate Research Assistant Program (MURAP) funded by the Andrew W. Mellon Foundation for the last several years, and last year he directed a faculty-graduate student research seminar on Race, also funded by Mellon

To learn more about this research agenda, contact Sandy at NCbluzharp@aol.com.



*At the Department's Spring Reception, Professor Paul Rhode (right) announced that John Csellak was the recipient of the first Gallman Graduate Student Award. He will receive the research fellowship in Spring 2001. This award is funded through contributions to the Robert E. Gallman Fund.*

# Faculty and Staff Notes

## Department activity

Professor **Eric Gysels** joined the Department on July 1, 2000, as a full professor and holder of the Bernstein Distinguished Chair in Economics. His previous appointment was at Pennsylvania State University. He received his Ph.D. degree from Northwestern University.

Professor **Art Benavie** retired effective June 30 and was appointed to a half-time position in the Department.

Professor **Stanley Black** is on an external leave this year and is serving as Senior Advisor to the IMF in Washington, D.C.

Professor **Steven Rosefielde** received a UNC-Chapel Hill Institute for the Arts and Humanities research leave for fall semester.

Faculty who received Department research leaves this year include **Professors David Guilkey, Alexander Kovalenkov, Bill Parke** and **Michael Salemi**.

## Awesome instruction!

A number of our faculty and students were again honored with teaching awards this past year.

Professor **Mike Salemi** won the Department or Economics Excellence in Undergraduate Teaching Award.

Professor **David Guilkey** won the Department of Economics Excellence in Graduate Teaching Award, for the second straight year.

Among the graduate students, **Mike Quinn** received a University-wide 2000 Tanner Teaching Assistants Award for Undergraduate Teaching. In addition, **Ben Balak** received the 1999-2000 Economics Department Best Teaching Assistant award. Finally, **Travis Raines** was the recipient of the Vijay Bhagavan Teaching Assistant Award, awarded to the best Econ 10 TA by student vote.

## The new Bernstein Chair



**Professor Eric Gysels** has been named to the first Edward M. Bernstein distinguished professor chair in economics. Gysels obtained his doctorate from the Kellogg Graduate School of Management of Northwestern University and is an established scholar in the fields of econometrics and finance. He has published more than 60 research papers in economics, finance and statistics journals, and he has two forthcoming books. He also holds an appointment as professor of finance at the Kenan-Flagler Business School and has been a visiting professor/scholar at several major US, European and Asian universities.

In addition to his university teaching, Eric has lectured at the 1999(EC)2 conference on financial econometrics, the 1995 Brazilian Econometric Society Meetings, the 1995 American Statistical Association Meetings, and at the 1990 World Congress of the Econometric Society. He has served on the editorial boards of the *Journal of the American Statistical Association*, the *Journal of Business and Economic Statistics*, *Econometric Theory*, the *Review of Economics and Statistics*, and the *Journal of Empirical Finance*. In 1999 Gysels served as chair of the business and economics statistics section of the American Statistical Association, and beginning in January of 2001 he will co-edit the *Journal of Business and Economic Statistics*, along with Alastair Hall of N.C. State University.

The Edward M. Bernstein distinguished professorship was established in 1998 by the Georges Lurcy charitable and educational trust in honor of Bernstein, who was an Economics Professor at Carolina during the years prior to World War II. After the war, he served as chief technical adviser and negotiator at the Bretton Woods Conference and participated in the formation of the International Monetary Fund. He stayed in close contact with the University over the years and remained in touch with the economics department until his death in 1996.

## Life after retirement

Probably no one has taught more undergraduates in the past 20 years than Art Benavie. This includes not only students who took his legendary principles of economics (Econ 10) course but also those who took his upper level courses in intermediate macrotheory (Econ 132) and his monetary economics (Econ 130) courses. He received many student accolades over the years and was the recipient of several teaching awards, including the prestigious University Tanner Award for Excellence in Undergraduate Teaching, which he received in both 1970 and 1987. I recently inquired how this popular teacher was spending his time after retiring this past summer.

After recently completing his book on the Federal Government Debt issue, *Deficit Hysteria: America's Rush to Balance the Budget*, Art is currently working on a book entitled *Social Security Under the Gun*. It deals with the controversy over Social Security; what are its problems, can these problems be solved without radical restructuring, etc. He then goes on to analyze the benefits and costs of George W. Bush's reform plan to redirect payroll taxes into personal retirement accounts and Al Gore's proposal to invest a portion of the trust fund in the stock market. Benavie's analysis draws on experiences other countries have had with their reform programs.

In addition to teaching two courses for the Department in the Spring Semester, Art is continuing to give classical violin recitals, working with UNC-Chapel Hill pianist, Martha Gardner. He also continues to enjoy hiking with his wife, Marcie, both in North Carolina and in Colorado. He says that he still adores teaching more than ever and is looking forward to the coming spring semester.

# Learning at Carolina

## Focus-North Carolina

Economics education at Carolina has traditionally begun (well, at least for the last 25 years) with the introductory course Econ 10. While this gateway course has served its students well, it has the disadvantage of being very, very large – its sections this year have averaged 350 students apiece! With the introduction of the Chancellor's First Year Seminar program, we have been able to offer first-year students the opportunity to study the concepts and applications of economics in seminars of 20. This year



we will offer four of these courses.

**Professor Patrick Conway** has designed his "Economics of North Carolina" course to present the concepts of

economics within examples drawn from daily North Carolina life. "For many introductory students, the hardest part of economics is recognizing the real-world applications of the concepts presented in class.

We are surrounded by wonderful applications here in North Carolina, and I've designed this course to take advantage of them." Conway has organized the course around a series of six case studies. The economics of tobacco-growing is the first, for example, and the students examine the incentives facing Randy Smith, a tobacco farmer from Deep Run, NC. Later they look into the problem of Triangle traffic congestion, the economics of the Carolina Panthers, the environmental implications of hog farming, and the rationale for industrial recruitment. Detailed background materials for each case are provided on the course Web site (at <http://www.unc.edu/courses/econ006e>), and each case is punctuated with a talk by a non-university specialist on the issue.

"The most appealing feature of the course", says Conway, "is that the students learn that they've been 'talking economics' all their lives. They have the opportunity to learn economics by applying it to situations they've observed in their own home towns, and the lessons sink in deeply."

This past academic year, more than 150 students received an undergraduate degree from Carolina with a first or second degree in economics. We now have nearly 530 juniors and seniors declaring a first or second major in Economics, considerably more than last year. Not surprisingly, the quality of our majors remains strong, and 18 students were initiated into Phi Beta Kappa last year. They are: Timothy B. Brookshire, Bradford B. Briner, Charles A. Cox, Elizabeth M. Dempsey, Joe Wesley Earnhardt, Nicole S. Funari, Donald C. Gardner, Shaun C. Kelley, John K. Knoch, Ali A. Mehfar, Jeffrey T. Nimmer, Corine L. Norman, Jennifer E. Prude, Todd M. Pugatch, Michael H. Reese, Emma Z. Richardson, Kevin C. Tate and Eric P. Voight. Majors receiving special recognition this past year included **Shaun Kelley**, who received the 99/00 Undergraduate Prize in Economics, and **Lynne Fogarty**, who received the 99/00 Undergraduate Honors Prize in Economics.

## Teaching/Learning Doesn't Stop with Retirement

Born and raised in New Jersey, educated at Wesleyan University and Princeton, **Professor James Wilde** moved south in 1965 to join the UNC faculty. He soon found that Chapel Hill is truly the Southern Part of Heaven for it was here that he found his bride, Melinda, to whom he has been married for 31 years, and together they raised their family: Andrew (ASU '96), Patrick (UVa '97), and Natalie (UNC '00).



Jim's specialties within the field of Economics include public finance, public policy and intergovernmental relations. His teaching has ranged from the large introductory lecture course, through junior-senior electives, to MBA courses and doctoral seminars. He has also been active in teaching executive education courses in the Business School and in the Elderhostel Program. For Jim, the combination of a fascinating, ever-changing subject and a rich diversity of student types and experiences has kept the teaching responsibility a constantly exciting opportunity. His efforts were recognized in 1998 when he was awarded the William C. Friday/Class of 1986 Award for Excellence in Teaching at UNC.

Soon after his arrival at UNC, Jim began his service as a General College advisor to freshman and sophomores. Later his advising responsibilities moved to juniors and seniors. Overall he served for 33 years as a one-on-one advisor within the College of Arts and Sciences. For many of these years Jim was also Director of Undergraduate Studies in the Economics Department, overseeing the progress of majors as they moved toward graduation.

Jim's research activities have focused on fiscal federalism and intergovernmental finance, the role of bureaucracy in public choice, and rational voting decisions on public finance issues. He was the co-author with Duncan MacRae of a widely used public policy text. In the 1970s, he served as staff director of the N.C. State Tax Study Commission at a time when efforts to remove the sales tax from food purchases were beginning and concerns about the distribution of state tax burdens were being raised. Jim also has chaired the Orange County Property Valuation Review Board, which meets with citizens following periodic property re-valuations.

Across the campus, Jim was involved in the creation of the a.p.p.l.e.s program and the Public Policy curriculum. He has served on advisory boards on the Campus Y, Career Services Office, Industrial Relations Curriculum, UNC Libraries, and the Faculty-Staff Recreation Association, and on the Faculty Council.

Currently in his 36<sup>th</sup> year on the UNC faculty, Jim has begun phased retirement from his teaching responsibilities. With his released time, he has begun studies in the UNC Law School, from which he plans to receive a JD degree in 2004. Jim hopes that he can then set up a practice in elderlaw, continue to pursue life-long interests in music, swimming, jogging and church activities, learn to play the mountain dulcimer, and enjoy retirement with his wife and family.

## *Maria Fitzpatrick* **Economist in Training**



I was the poster child for the “undecided major” during my first two years at Carolina. I took classes in a variety of subjects, and truly exploited the liberal-arts environment. Then I stumbled into economics in the Honors section of Econ 10, Introduction to Economics. This was a subject that combined math, my first love, and the social sciences. Although I never gave up the thrill of taking unrelated courses (including almost completing a minor in Creative Writing), I completed the requirements for a major in Economics.

I also discovered a research theme that combines my interest in developing countries and my knowledge of economics concepts. As a senior, I wrote an honors thesis entitled “The Economic and Socioeconomic Effects of Structural Adjustment Lending by the World Bank from 1980 to 1994”. This allowed me to build upon my experience in the summer before my senior year with the Washington Semester Program: my internship for that program was with the Bank Information Center (BIC), a non-governmental organization providing information and support to organizations throughout the world on the activities of the World Bank and other Multilateral Development Banks. The thesis research provided a useful contrast for me to the summer work, as my econometric work yielded less negative conclusions about the World Bank projects than we had drawn at the BIC.

Thesis work (and being a college senior) so exhausted me that I had expected to take the summer for a leisurely job search. Instead, opportunity knocked! Jean Lanjouw of Yale University and the Economic Studies Program at the Brookings Institution needed an assistant for her research project involving intellectual property rights and the introduction of prescription drugs to developing countries. She liked the work that I had done in my senior thesis. We talked on Friday, and she asked me to start the next Monday.

This research position is an excellent educational opportunity, but I enjoy economics too much to stop here. After a year or two at Brookings I plan to go back to school for a graduate degree in economics. Perhaps then I can finish my Creative Writing minor as well!

## **25 years of history**

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This fall is the 25<sup>th</sup> anniversary of the move of the Department of Economics from within the School of Business to its position in the College of Arts and Sciences. Faculty from four different buildings all moved to offices together in Gardner Hall, although some graduate students and special projects still had offices on the third floor of Hanes. We have continued in this space ever since with minor classroom and office rearrangements and renovations. Someday, we still may get central AC and hot water in the bathrooms!

## **The Robert E. Gallman Fund**

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Last year we announced the establishment of the Robert E. Gallman Fund to honor the memory of a man who devoted his life to his discipline as teacher, mentor and researcher. The purpose of this fund is to support a graduate fellowship. Once this fund is fully endowed, it will become part of the Royster Society of Fellows, a program modeled on the Morehead Scholars program for undergraduates. To attract the best graduate students in the nation, we must be able to offer competitive awards. The Robert E. Gallman Graduate Student Fellowship would help the Department to do just that.

Many have already contributed to this important endeavor, and we thank you. However, the funding goal has not yet been reached and we encourage you to think about contributing to this fund if you are considering a gift to the Department of Economics. Contact John Akin, department chair, at 919-966-2385.



## **Still Out There -- And On The Web!**

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**Rachel Willis** has continued her work with the hosiery industry that was described in last year's newsletter. This extensive research program, funded by the Upjohn Institute for Employment Research and the



Russell Sage and Rockefeller Foundations, has contributed to her Gender and Race in Economic Decision-Making course (Econ 91/Women's Studies 91), an economics honors thesis and directed research courses for several students. As part of this program she has organized SOCKHELP (Sharing Our Computer Knowledge to Help Educate and Link People) to facilitate a series of linked web sites about topics related to the overall objectives of the research program. One such extension being pursued by one of her current students is investigating the current economics of dairy farming in North Carolina. For more specific information on the various dimensions of this ongoing teaching/researching/learning activity, visit her website at [www.sockhelp.org](http://www.sockhelp.org).

# News for Current Undergraduates

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## ***Preparing for Spring 2001***

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Seniors graduating in Spring 2001 should take the time to check with the College of Arts and Sciences advisors in Steel to make certain that you will have met all the College requirements by the end of Spring semester. They can also fill you in on the proper times to apply for graduation, etc. You can, of course, make a first pass at this by going to "Degree Audit" at Student Central on the World Wide Web. I strongly suggest, however, that you take the time to verify your situation with an Arts and Sciences advisor at Steel. Regarding preregistration, as you have found out this semester, your PIN number is now sent to you in the mail and is not available in the Department any longer. You also can find your PIN at Student Central. The list of "advanced courses" being offered in Economics this spring includes Econ 142, Econ 162, Econ 170 and Econ 185. Finally, the Carolina Economics Club is up and running and involved in a number of interesting activities. Take time to check it out. It can be a interesting and fun way to learn more about both the economics profession and fellow econ majors.

## **Summer Internships Available**

**Anthony D. Estes** (1992) responded to last year's newsletter and reported that he has co-founded E-Dialog, Inc., which is in the Interactive Database Marketing area. In his response, he indicated that he had several paid summer internships available for business/marketing minded economics majors wanting to cut their teeth in this emerging business area. If you are interested in having this kind of summer internship, contact him at [aestes@e-dialog.com](mailto:aestes@e-dialog.com). E-Dialog, Inc. is located in New York City.

## **Carolina Economics Club is back!**

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Formerly the Carolina Economics Association, the EconClub has revived itself after a few years of inactivity. With senior Melodie Potts leading the revitalization efforts, the Economics Department is proud to say the club has attracted record numbers to its meetings. The theme for this year is "Economics and the Real-World," with all club activities relating to this theme. Already this year the club has sponsored a talk by University Career Services Office in which the 75 EconClub participants learned of the careers open to them as Economics majors as well as the career-related services the office provides. On November 2<sup>nd</sup>—just in time for elections—the EconClub sponsored a debate between faculty members as to the possible economic impacts of Gore's and Bush's respective tax policies. Professors participating in the discussion included Art Benavie, Patrick Conway, Koleman Strumpf, Boone Turchi, and Jim Wilde.

Other events on the horizon include a Networking Night tentatively scheduled for November 8<sup>th</sup>. This will provide a much-needed opportunity for EconClub members to interact with former Carolina Economics alumni in the Triangle Region. The club hopes to have a number of alumni in attendance, from investment banks to non-profits, to provide both seniors and underclassmen the opportunity to explore different career fields in addition to making contacts for future employment and internships. Any alumni interested in attending, please contact Melodie at [mjppotts@email.unc.edu](mailto:mjppotts@email.unc.edu).

Still more events include a speaker from the Central Intelligence Agency who will comment on the role economics and economists play in the daily operations of the CIA. Other activities include the Investment Group, a spin-off of the EconClub, in which members "play" the stock market and learn about what drives Wall Street. Another facet of the club is its "mock FOMC," in which members assume the role of the Federal Open Market Committee and attempt to tackle some of the issues it addresses. Several of the club's working meetings will address business-related topics, such as "How to read a company's Income Statement" as well as highlight business career areas such as consulting and investment banking. In just its second month of reactivation, the EconClub already has a full plate and an enthusiastic membership. We'll keep you up to date on its progress and activities.

## **Undergraduate Research Funds**

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Herbert B. Mayo has established funds to support undergraduate research activity to help defer costs such as data acquisition, critical travel related to undergraduate research, etc. Funds were awarded to three of our honors students last year to facilitate research on their honors thesis. Students currently in need of financial assistance to carry out economics research projects are encouraged to apply for Mayo funds. These applications should be turned into the Department Chair, John Akin.

In addition to support of undergraduate research projects, there are also funds available to provide support for two undergraduate research internships working with Department faculty. One of these will be available in the Spring and the second in the Summer. Students having an interest in either of these internships should speak with the Chair or Associate Chair.



# Alumni News

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A number of you responded to our request for information about what you have been doing since graduation. Thank you! It has been fun to learn about all the different things you have accomplished. We have included a summary of a number of your personal communications below. More of these interesting tidbits, along with additional responses from many of you, will appear in subsequent newsletters. Again, thanks for getting back to us!

- **Richard (Dick) Levy** (1969) started a business soon after graduating and now is actively involved in international commerce, selling not only in the US, but also Europe and Japan. Many of his products are designed and/or produced abroad, including imports from Turkey, China, Taiwan and India.. He is located in Greensboro, N.C.
- **Steven M. Walton** (1981) writes that after spending 5 years in banking and working for American Express for another 9 years he has returned to Carolina to pursue a different career. He is now in his last year of school to become a physical therapist.
- **Benjamin Hough** (1987) worked in Capital Markets for 10 years in Washington, D.C., and recently became a VP for BB&T Capital Markets in Winston-Salem, NC. A different job was not the only change in his life in the past two years as he was married on 10/2/99.
- **Dana McCall** (1991) returned to Carolina and received a DDS degree in 1996. She is now practicing with a former Carolina Graduate, Sanford W. Thompson, III, in Raleigh, NC., and recently married Shore Tucker (UNC-'91).
- **Patricia Anita Brown** (1996) has recently been promoted to Associate Director of Development and Director of Alumni Relations at Duke University School of Law.
- **Walter Kirkland** (1969) has been working in NYC since 1975, first as a bond salesman and bond trader for Chase and Citibank and then, for the past nine years raising capital for private equity funds and hedge funds.
- **Peter G. Klein** (1988) went on to receive a Ph.D. in economics from UC-Berkley and is now an assistant professor at the University of Georgia.. He was a classmate of Donna Gilleskie, who is currently in our Department.

- Upon graduating from Carolina in 1980, **Jim Leggette** earned a Ph.D. in economics from the University of South Carolina. After completing graduate school, he took a job with AT&T. In 1994, he became the Director of Pricing for SkyTel Communications, a MCI Worldcom Subsidiy.
- Not all of our econ majors stay in the business or economics world. **Dave Pardue** (1988) has been pursuing a career in music as a writer, producer and recording artist in Nashville since graduation. He recently released his first full-feature rock album, "Mrs. Lightning's Valentine."
- **Kyle Clements** (1991) is currently working with Banc of America Investment Services, Inc. in Chapel Hill, and is married to Paula Denny (UNC-'91).
- After a three year stint in the Army and a Ph.D. degree from Harvard University, **John T. Scott** (1969) became a Professor of Economics at Dartmouth University where he has remained. He is currently serving as President of the Industrial Organization Society.
- **W. Leake Little** (1983), Vice-President for Marketing and Business Development, VentaCom, Inc, is helping bring e-commerce to Latin America. He is living in Mountain View, Ca.
- Now back in Chapel Hill, **Charles Merritt** (1991) is Investment Director in the UNC-CH Investment Office. In between he received an MBA from the Tuck School, and worked in investment banking in both Bowles Hollowell Conner and Nations Bank. He noted that he is married to his UNC sweetheart, Valerie (1992) and has two daughters.
- **Nat Hayes** (1987) writes that he has recently started his own real estate development and brokerage business in Greensboro, NC. He is married and has two young sons, 4 and 7.
- **David W. Markham** (1990) received his DDS degree from Carolina in 1995 and is currently practicing in Charlotte, NC.
- Also returning to the area, **Sam Stephenson** (1989) writes that he is more committed to economics than ever, but is doing it with pictures and image-laden writing. After a number of years in Washington, DC, working in the Center on Budget and Policy Priorities and for the US House Ways and Means Committee, he is now teaching at the Center for Documentary

Studies at Duke and working on a book and local exhibition of W.Eugene Smith's photograpic study of Pittsburgh in 1955. He lives in Pittsboro, NC.

- **Brad Hurley** (1983) is the owner of Brad Hurley Insurance Agency/Nationwide in Fayetteville, NC, and is married to Kerri Stewart (1984). They are the parents of 10-year-old twin girls and a 10-month old baby boy.
- **Jason York** (1998) is in the US Air Force and is working as an Acquisitions Contracting Officer on the Tethered Aerostat Radar System at Langley AFB in Virginia. He is also working on completing an MBA degree at the College of William and Mary.
- Still in Chapel Hill, **Greg Husted** (1998) is working for UNC General Administration in the Services-Accounting Division.
- **Jennifer (Ferguson) Jackson** is currently an MBA candidate at the MIT Sloan School of Management. Prior to working on her MBA degree, she worked as a pricing analyst at Dell Computer and as an auditor and financial analyst at PPG industries. Her current academic interests include entrepreneurship and technology strategy.
- After graduating in 1990, **Mark Unferth** went to work for the Board of Governors of the Federal Reserve in Washington, DC. After three years with the Fed, he pursued the MBA degree at the University of Rochester, and, upon completion of the degree in 1995, took a job with Citibank. In 1998 he moved to Donaldson, Lufkin & Jenrette where he works as an analyst on distressed bank debt and bonds.
- **Beau Perry** (1997) now lives in Cincinnati, OH, where he is Project Manager for Multi-Family Residential Communities with the Towne Development Group, Ltd.
- **Anastasia (Scully) Heinzelman** (1997) moved to Indianapolis, IN, to begin her career in financial services with a national bank. She has since moved on to starting a real estate company specializing in marketing residential properties in the Historic Districts of downtown Indianapolis with her husband, and most recently accepted a position as Treasury Analyst for Midwest Independent Transmission System Operator. She and her husband are in the midst of a mild restoration of a 112-year-old Victorian Home in Indianapolis.
- **Brent A. Sowul** (1998) is now living in New York where he trades high technology equities. He is employed by the Nasdaq Trading Desk of Credit Suisse First Boston.

# The Carolina Forecast

## A Letter from the Chair



Greetings. One of the reportable events of the past year for the UNC Economics Department was my selection as new departmental chair. For those of you who do not remember me from classes in Gardner Hall, I am sure you will remember my stellar, almost Oscar winning, performance as “fifth gynecologist on the right” in the Robin Williams movie, *Patch Adams*. I hope I will serve as well for the next five years as have our recent chairs. I especially want to convey to David Guilkey mine and the department’s appreciation for his exceptional work in our behalf over the last five years. I am sure many of the readers of this newsletter have also been positively affected by David’s superlative administration.

I welcome this chance, early on, to communicate with all of you. Many of you I know; that is one of the positive things about being old enough to have been at UNC over 25 years. I hope to get to know as many of the rest of you over the next five years as possible. You, the alumni of the Economics Department, are an important component of the department’s world image and its legacy. We try to keep up with you and your lives and careers, but it is somewhat difficult not to miss things. Please keep us informed about yourselves and your families when you can.

For reasons besides my bumbling attempts to learn how to be Chair, this should be an exciting year for the department. As was mentioned in the letter from the Chair last year, we searched for a renowned scholar to fill the Edward M. Bernstein Chair in Economics. To our good fortune we were able to recruit Eric Ghysels, one of the foremost financial statisticians in the world. Eric has arrived and he and his wife, Lutgard, have settled in quite well in Chapel Hill. Those who are interested can see Eric’s web homepage at <http://econ.la.psu.edu/~eghysels/>.

We will again be hiring new faculty, a response to the understanding of the Dean of our plight caused by the “fortunate misfortune” of having huge growth in enrollments in our classes. We have also seen the number of Economics majors balloon from around 250 only five years ago to almost 600 in the Fall 2000 semester. We choose to hope that this growth during booming economic times is indicative of increasing recognition on the part of the public of the importance of economic literacy to citizenship and to both professional and intellectual thought.

As you can imagine, even with a sympathetic Dean, the likelihood is small of our capturing sufficient resources from state funds to excel in our mission in spite of our enrollment demands. Any financial help from alumni and friends would be greatly appreciated. I would be happy to personally discuss plans and aspirations with you if you are interested in donating to a worthy cause. Feel free to contact me at [john\\_akin@unc.edu](mailto:john_akin@unc.edu) or by mail.

It is a landmark academic year in that in the second semester we will be entering 2001, the year of the 100th anniversary of the department. We are planning a set of activities to commemorate the milestone and will be communicating details to you as the planning proceeds. We also are planning a concerted effort to raise the funding of the departments’ endowment and other funding accounts to levels that can raise us to an even higher level of accomplishment and prestige in the coming 100 years. For now, I will simply alert you of the event and promise to inform you of plans as they become solidified.

Let me conclude this short letter with a paragraph I have written earlier for a letter to graduate student alumni of the Department, many of whom teach economics at other universities:

“I will close by urging you (I hope not in an overbearing way) to consider contributing to the Department’s endowment fund. As one of the University’s fundraisers told me recently, “It is not at all difficult to ask people for money if you truly believe in the purpose for which you are asking.” I do truly believe that outside funding for the Economics Department allows us to better fulfill our roles of teaching and research. I also believe that economic literacy and knowledge and the training of bright students to carry on with teaching and research in the future are among the most valuable activities in academia. I also believe that economics offers ways of thinking and analyzing that are among the most helpful, both for those who learn them and for the communities and nations in which they live. So if you are considering making a contribution to a worthy cause, please keep the UNC Economics Department in mind. Any funds donated to UNC can be designated for the department in general or for specific areas or activities of the department.”

My best regards and best wishes for a good and successful year,

*John S. Akin*

If you have any news you would like to share, we'd like to hear from you -- and so would your classmates!

Name \_\_\_\_\_

Year graduated \_\_\_\_\_

Address (please include e-mail address) \_\_\_\_\_

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\_\_\_\_\_

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

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*(Don't forget to complete Centennial Celebration information on page 12!)*

Please mail to:

Professor Al Field

Department of Economics

Gardner Hall, CB# 3305

UNC-CH, Chapel Hill, NC 27599-3305

or e-mail to:

afield@email.unc.edu

## Join the department's Centennial Celebration!

In Spring 2001, the Department of Economics celebrates its 100th birthday. The Department was begun in 1901 as the Faculty of Commerce, later becoming the School of Commerce, then the School of Business Administration, and finally the Department of Economics. To commemorate this event, the Department is planning to have several special speakers throughout the year. Hopefully some of these will be our graduates who will discuss their career experiences and generate enthusiasm for completing the Economics degree and pursuing successful careers upon graduation. Other speakers might address current issues in economics and possible related careers that would interest both graduate and undergraduate majors. If any of you are interested, send us email (afield@email.unc.edu).

Also, during the weekend of April 6-8, 2001, we are planning to have a social, dinner, and speaker, perhaps including some panel discussions during the day. These presentations might focus on economics today versus 20 or 50 years ago in various fields, or could be for the general public on some national or international issue. Again, if any of you are interested in being a speaker or panelist, let us know.

Most importantly, we wish to know if you would consider coming to this April celebration, and what would be of most interest to you. Please respond to the following questions by mail or e-mail (complete pages 11 and 12).

1. Would be likely to come. \_\_\_yes \_\_\_no
2. Would like to be a speaker or panelist. \_\_\_yes \_\_\_no
3. Rate the potential activities in preference order:  
\_\_\_ Friday evening social/pig picking  
\_\_\_ Friday evening speaker  
\_\_\_ Saturday afternoon social  
\_\_\_ Saturday evening dinner and speaker  
\_\_\_ Saturday concurrent sessions of speakers or panel  
\_\_\_ other (specify)