

A Letter from the Chair

2015

Hello from Chapel Hill!

The campus is beautiful at this time of year, although the students can be excused for not noticing – final exams and course papers have most of them preoccupied. We in Economics can take the credit (or blame) for much of this preoccupation. Of the undergraduates on campus, nearly one of every two will have taken Economics 101 (Economics 10 in earlier days) during their time on campus. Of all the undergraduates graduating last year, nearly one in every ten was an Economics major. We are doing our part to create the Carolina experience.

Student demand for our courses has climbed rapidly in recent years: for example, the number of students graduating with an undergraduate major in Economics has risen by 44 percent since 2012. The number of applicants for our graduate program annually outstrips available spots: last year, we had 417 applications for 18 new students.

It's good to be popular, but we're pleased with other metrics as well

- Our innovative Minor in Entrepreneurship continues to grow, bringing the concepts of entrepreneurship to public health, journalism and the arts as well as commercial ventures.

- Our undergraduate Federal Reserve Challenge team breezed through sectional and regional rounds and competed in the Finals in Washington DC with students from Princeton University, University of Chicago, and other top-ranked private universities.

- Andrew Powell, an Economics graduate last year and a former Student Body President at UNC, was named the Head of Learning Innovation for African Leadership University in Mauritius; there he'll be using the pedagogical skills he learned while helping us transform our Economics 101 into a flipped-classroom experience.

In short, the students are not just coming to our classes – they're learning life lessons that will prepare them well for whatever comes next. Whether it is Mauritius, Washington, or a start-up in Shanghai, our students carry their Carolina Economics experience with them.

Carolina is a premier research university, and our faculty members take seriously both our teaching and research. Scaling up instruction to meet this new demand for classes has been a challenge, but we've been successful this year in adding five professors who excel in both instruction and research. You'll read about each of these later in this newsletter, but let me highlight an anticipated addition: Professor Peter Hansen, recently named on Thomson Reuters' (short) list of the World's Most Influential Scientific Minds, will take up the Henry Latané Distinguished Professorship in Economics next July. I'm sorry to report a retirement as well; Professor Richard Froyen retired this year after 44 years on our faculty. We will miss his intellect and humor around Gardner Hall.

The heavy demand for our courses, both at the undergraduate and graduate levels, is a strong affirmation of our value to our students. Rising enrollments could depersonalize the learning experience of students in our courses, and we – both faculty and staff – have worked hard to develop individualized learning opportunities. These are generally funded through private contributions to the Economics Department, and many of you have been our partners in this effort. We are able to provide summer research fellowships, travel and learning funds, job fairs and case competitions, and other innovations only with the financial support of our friends. Thank you for partnering with us in improving the learning opportunities for all our majors.

I hope that you'll enjoy this newsletter. Should you wish further information about the Department or links to more recent awards and accomplishments, check our news site at economicsnews.web.unc.edu. Should you be in Chapel Hill, please stop by; I'd be pleased to meet you.

-Patrick Conway, Professor and Department Chair

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Undergraduate Program News



William R. Parke

Director, Undergraduate Studies

The world outside UNC is demanding college graduates who can answer empirical questions and work with “big data”. We’ve heard this loud and clear from our alumni and from our faculty. We’ve introduced a number of changes to our undergraduate curriculum that will allow our majors to meet that demand for both greater quality and quantity of courses in empirical reasoning.

Our first innovation is to add a third course to our empirical sequence. The faculty in the Department of Statistics and Operations Research (STOR) are the acknowledged experts in basic statistics instruction, and they have designed a basic statistics course that will serve as a prerequisite for the Economics and Business majors. We will require that of all our majors. The second course will be our introductory Econometrics course (ECON 400) – it will introduce our students to statistics and hypothesis testing as used in everyday empirical analysis. The workhorse technique covered is regression analysis, and ECON 400 will provide a strong level of statistical literacy to all of our students. The third part in the sequence will be applied econometrics analysis courses taught in seminar format: students will be responsible for creating, completing and writing up an empirical analysis of real-world phenomena.

Our second innovation is to expand

the use of empirical analysis in our field and advanced courses. Our courses in labor economics, or public finance, or economic development, will be more based in empirical reasoning. To ensure that the students will be ready for this addition, we have made ECON 400 a prerequisite for these courses. We’ve noticed a tendency among some students to put off their ECON 400 requirement to their last semesters at Carolina; that doesn’t serve the students well, and it limits what faculty can present in their classes. Creation of this prerequisite underscores for our students that empirical analysis is at the center of our discipline.

Our third innovation is to expand the offerings of advanced courses. Our current seminar in applied econometric analysis (ECON 570) will focus upon microeconometrics, while a new seminar in time-series analysis and forecasting (ECON 575) will introduce our students to the predictive power of empirical analysis.

We believe these courses will encourage a greater data literacy among our students, and we are pleased to be able to offer these innovations.

We’ve innovated in introducing other courses, as well. We have a new course “Gender and Economics” (ECON 486) taught by Professor Kalina Staub and a new First-Year Seminar “History of Financial Crisis” (ECON 058) offered by Professor John Komlos.

These new courses reflect our efforts to keep the curriculum fresh and innovative, with exposure to topics of current policy relevance.

Thanks to the appeal of the courses we offer, economics continues to be the third largest major in Arts and Sciences, with 1,146 majors in Spring 2015. Last year, over 400 Carolina students graduated with a major in economics.

We would also love to hear from our graduates via <http://www.unc.edu/depts/econ/alumni/feedback.htm>.

Undergraduate Prize

Clayton Hackney earned special Department recognition. He was awarded the Undergraduate Prize in Economics, presented annually to the top graduating economics major.

Mayo Undergraduate Research Fund

Funds are available to support undergraduate research in topics drawn from macroeconomics and financial markets through the Herbert B. Mayo Undergraduate Research Fund of the Arts and Sciences Foundation. This year, two projects were funded:

- Ben Horlick and Paul Kushner, “The High Frequency Impact of News on Foreign Exchange Returns” (Advisor: Mike Aguilar)
- Youndong Liu and Longxuan Wang, “Mean-Semivariance Portfolio Optimization, Skewness, and Modified Value at Risk” (Advisor: Mike Aguilar)

Thank you to Herbert Mayo for his financial support. These summer projects have been wonderful learning opportunities for our students interested in financial markets and macroeconomics.

Federal Reserve Challenge Team Continues to Excel

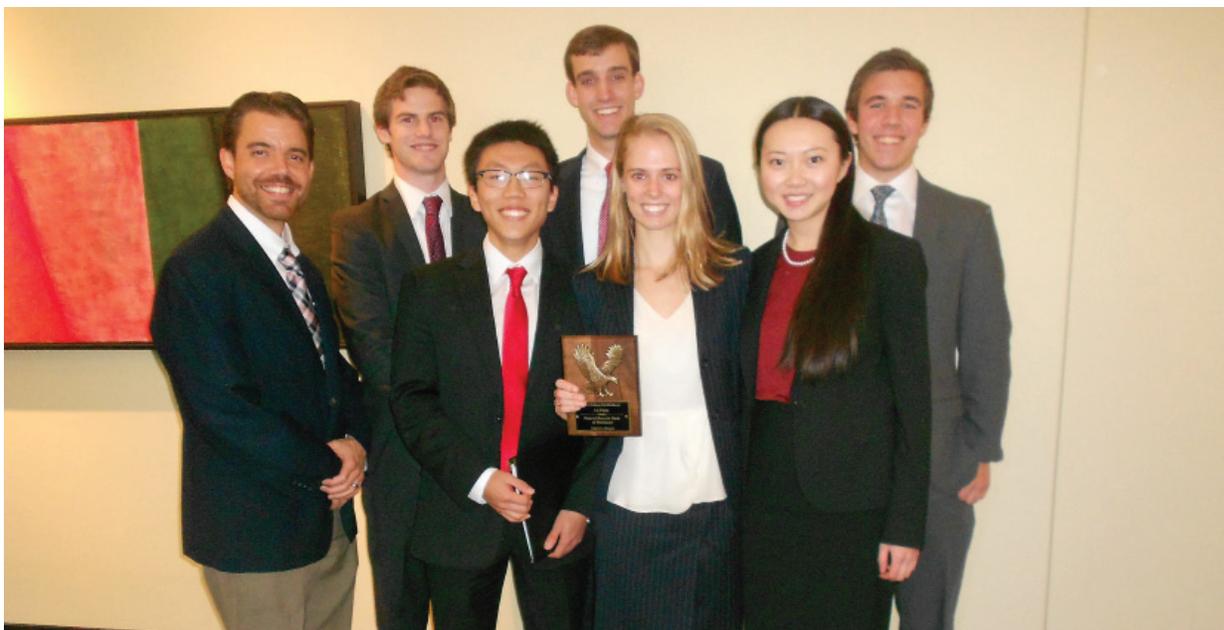
The College Fed Challenge is an annual inter-university competition in monetary policy design. At UNC, a team of three to five students undertakes research and data analysis under faculty supervision. They design their proposed monetary policy and then travel to regional competitions to present their proposals before a panel of judges. At each competition, the winner moves forward to face winners from other regions. At the pinnacle of this tournament a national champion is chosen, with judges from the staff of the Federal Reserve Board of Governors in Washington, D.C.

Carolina's Federal Reserve Challenge Team, coached by Dr. Mike Aguilar, won the Region 3 (North and South Carolina) competition for the seventh time in the last eight years in November 2014. The win advanced the team to the District competition in Richmond where they competed against and defeated Virginia Commonwealth University and American University. With the District-level victory - and for the second time in the team's history - the team qualified for the national competition. While they did not win, they left a very positive impression with their knowledge and professionalism.

"The team's success generated record interest from students across campus. The numbers grew so much that for the first time ever, students had to interview for the research team not just the presentation team," reports Dr. Aguilar.

Over ten teams competed in the 2015 Region 3 competition which was recently hosted by UNC at the Kenan Flagler Business School. The Tar Heels prevailed in Region 3 and then prevailed again in the District championship in late November. As we went to press, the team was preparing for the national tournament at the Federal Reserve in Washington DC. We expect great things of this group!

The Fed Challenge is a tremendous learning experience for our undergraduates. The five-member team benefits, certainly, but they are vetted and supported by a group of ten younger students who compete to step onto the competitive team in future years. All of these students are learning lessons not only about macroeconomics but also about working in teams and presenting ideas effectively. We are grateful to Herbert Brown Mayo for the creation of the Herbert B. Mayo Undergraduate Research Fund that helps defray the costs of team competitions. We're also grateful to Dr. Mike Aguilar for his tireless work with our Challenge Team.



The 2015 Federal Reserve Challenge Team

Undergraduate to Intern with the Council of Economic Advisors

Hunter Baehren, a junior Political Science and Economics major, took an interest in policy issues after he spent last summer enrolled in the London School of Economics. While he was there he studied the effects of the minimum wage, estate taxes, job programs, and Social Security. Hence, when he saw that the Council of Economic Advisors in Washington, D.C. had an internship he immediately applied. “Since the CEA has direct influence in implementing and evaluating these types of policies in the United States, I could think of no better place to intern. I heard the news that I was chosen for the internship when I glanced at my email during a statistics class. It’s safe to say that, during the rest of the lecture, my concentration did not recover.”

Baehren’s internship with the CEA will run from early-January through early-May 2016. “I will be aiding economists in analyzing and interpreting economic trends and policies, which we will use to compile reports. Ultimately, these reports advise President Obama on a wide range of economic issues. My specific duties could include performing different types of statistical analysis, performing literature reviews, designing graphical displays, composing memos, and completing general administrative duties.”

Baehren, who is a Robertson scholar, will also take classes through the Sanford School of Public Policy’s Duke in DC program. “While in DC, my coursework will explore the more political side of our Federal government and the current presidential race, so in combination with my internship, I will be able to examine the complexity of many national issues from both political and economic vantage points.”

When we asked Baehren why he decided to major in Political Science and Economics, he told us, “I chose these specific majors due to their complementing skills. My undergraduate Political Science courses have focused on building skills in writing, qualitative analysis, and knowledge of political philosophy. Meanwhile, my undergraduate Economics courses have focused more on statistical analysis, economic trends, and topics of mathematical application. I believe this multidimensional approach has given me a wide range of tools to better understand our complex world and its different issues.”

And what does he hope to learn from his Internship? “I’m hoping to gain statistical experience, analyze current economic issues, and explore a possible career in public service.” Baehren is super

excited about this opportunity, but admits that there is a piece of Chapel Hill that he will miss. “Washington DC has no [B]ski’s. I will sorely miss the AK and Aloha.”



*-Hunter Baehren
Class of 2017*

Economist In Training

I wasn't supposed to be an Economist. When I first arrived at Carolina, I was on track to be an academic classicist: For my first two years of college, reading Greek and Latin was just about all I did. Along the way, however, I dipped into a few classes in the economics department. I studied the basics in 101 with Ralph Byrns, the ins-and-outs of regression analysis with Boone Turchi, and the nuances of government involvement in the economy with Jonathan Hill.

By my junior year, I found myself thinking more about the economics of the ancient world than ancient languages. How did the Diocletian price controls affect market efficiency? What can Rome's Monte Testaccio (a giant pile of broken earthenware on the banks of the Tiber) tell us about patterns of trade across the Mediterranean? How much did standards of living for the average Roman increase from the early Republic to the golden age of Augustus?

Without really knowing it, I had become a student of human behavior and interactions – the core of economics. And by my senior year, I had fully transitioned to an economic focus. I spent most of my last year writing my honors thesis on patterns of management participation in leveraged buyouts with Bill Parke. The research process was exhilarating. It's the hardest thing I've ever tried to do (and still is) but also the most rewarding. I knew then that I wanted to spend my career as a researcher.

But committing to a life in academia at 22 seemed like a big step, and I was still a little curious about what else was out there. So after graduating, I spent three years with Boston Consulting Group in New York City, where I worked on everything from automotive software to precious gems to machines that turn human waste into electricity. I grew a lot over those three years, learned a ton about how the "real" economy actually works (spoiler alert: it is a noisy process), and met some incredible people. But by the end, I was ready to get back to where I was senior year – nose down in data and economic theory, thinking full-time.

I'm now in my second year in the Economics PhD program at the University of California, Berkeley. I've survived the first-year – a deluge of survey courses in macro, micro and metrics – and am now taking the field courses for what will be my area of specialization: public, labor and trade. I'm interested in understanding what shapes economic geography, and how the geography of big economies like the U.S. affects the welfare of individuals who wind up living from Fargo to San Francisco and everywhere in-between. My current projects include a study of patterns of female employment in the wake of World War II and a model of what determines equilibrium participation rates across space in a large economy.

I haven't forgotten my classical roots, however. One day I hope to take my economics chops back to the ancient world and learn something new about how those economies functioned, which in turn may teach us something about the world we live in now. I have Carolina to thank for both of my interests -- the economic and the ancient -- and for helping me to land where I am now.

*-Evan Kershaw Rose
Class of 2011*



Carolina Economics Club



The Economics Alumni Career Panel provides advice to the CEC.

Ideas in Economics.” During the spring 2015 semester, the Club was fortunate to host a lecture by Dr. Dan Ariely, Professor of Psychology and Behavioral Economics at Duke University. Dr. Ariely kept the crowd engaged with his stories and by teaching all of us more about the field of behavioral economics. More recently, North Carolina Budget Director Mr. Lee Roberts, discussed his responsibilities as the N.C. budget director as well as his experiences leading up to that position.

As has been tradition, the club hosted a panel discussion on a policy issue of interest to club members. This year’s discussion was entitled “Should the Federal Minimum Wage be Raised?” The Panelists were Dr. Stephen Lich and Dr. Michelle Sheran-Andrews from the UNC Department of Economics and Dr. Georg Vanberg from Duke University. The event created a thought-provoking discussion amongst professors and students and was well-attended.

We also had a series of events that were not only enjoyed by students, but beneficial for them as well. In the spring, we hosted an Economics Alumni Career Panel in which we brought back recent alumni who work in fields ranging from consulting to sales. This was a great opportunity for students to not only learn more about the search process for these types of jobs but also about the transition from school to work. During the Annual Career Workshop, Dr. Jeremy Petranka, former UNC Lecturer in the Department of Economics and current Associate Professor of the Practice at Duke University, offered special insight into building a strong résumé and acing an interview.

We also hosted a series of competitions for our members. The “Investment Challenge Competition” gave participants the opportunity to put together a portfolio and compete to see who earned the highest returns. The competition was run by using Wall Street Survivor, an online virtual stock market game. For the first time, we conducted a case competition and due to its success, we are running it again this academic year. Finally, we culminated the academic year again with the “End-of-the-Year Student-Professor Social” in April.

As the Carolina Economics Club continues to grow, it does so with the help of professors and alumni. This has been beneficial in bringing students, alumni and professors closer together while helping economics majors and club members prepare for the real world. The Carolina Economics Club looks forward to continuing interaction with great professors and alumni, and we thank our faculty advisor, Dr. Geetha Vaidyanathan, and everyone who has made our events possible.



Dr. Dan Ariely

--Co-Presidents Kara Mitchell and Eric Dehus

Fiscal Challenge Competition Grows

The Fiscal Challenge is a national competition wherein teams of students devise and defend their plans for putting the U.S. on a sustainable fiscal path. Founded by Professor Mike Aguilar and graduate student Danny Soques in 2012, the goals of the competition are to provide students with a hands-on learning experience and promote awareness of the fiscal difficulties facing the United States.

The format of the competition consists of two rounds. During the first round, college students from around the country electronically submit detailed proposals to achieve a stated policy objective. These proposals are reviewed by a planning committee, who identifies the final four teams. During the second round the finalists travel to Washington D.C. where they present and defend a summary of the plans in front of a panel of expert judges. The inaugural national competition was held last year and was won by Clemson University.

In his April 16, 2015 blog, economic policy correspondent for the Washington Post, Jim Tankersley, described the competition as “fascinating.” “When you turn a pack of smart college students loose on a thorny, long-term policy problem, you’re not going to end up with a bunch of answers that could pass Congress. You sort of get the opposite, policymaking with more idealism than political calculation, and a window into how today’s young thinkers break from their elders who run the country right now,” wrote Tankersley.

The 2015-2016 competition, which will take place on February 26, 2016, launched earlier this fall and interest is high. Already, a few dozen teams have expressed interest in the hopes of making it to the final round in Washington, D.C. in mid-April.

If you are interested in viewing the presentations of last year’s finalists or want to learn more about the competition, visit the Fiscal Challenge website at <http://www.fiscalchallenge.org/>.

2015 HONORS STUDENTS

Under the direction of **Professor Klara Peter** and their individual advisors, fifteen of our majors successfully completed the Senior Honors Program this past year. **Clay Hackney** received the award for the Best Honors Thesis.

Highest Honors

Michael Basse, “Bounding Cross-Country Human Capital Variation” (Advisor: Lutz Hendricks)

Clayton Hackney, “Examining Causal Chains Between Real US GDP and Energy Consumption through Mixed Frequency Granger Causality Testing” (Advisor: Jonathan Hill)

Daniel Rue, “Who Gets What? Factors Determining the Pentagon’s Militarization of Local Law Enforcement Agencies” (Advisor: Helen Tauchen)

Honors

Ishrat Alam, “Analysis of the Policy Use of Force in the New York Stop and Frisk Policy” (Advisor: Bill Parke)

Sarah Flinn, “Electronic Medical Record Implementation: The Effect on Physician Efficiency” (Advisor: Brian McManus)

Sarah Hallowell, “Overeducation and College Major Choice: Are Women Different?” (Advisor: Clement Joubert)

Justin Jones, “An Examination of the Factors that Affect Crime Underreporting” (Advisor: Stephen Lich-Tyler)

Atiyasha Kaur, “Gender Based Family Planning: An Analysis into Underlying Reasons for Male Preference in India” (Advisor: David Guilkey)

Glenn Lippig-Singewald, “Do Rivals Impact U.S. Fast Food Firm Entry in China?” (Advisor: David Guilkey)

Patrick McCann, “The Effect of Internet Penetration on Market Structure in the Movie Industry” (Advisor: Tiago Pires)

Matthew Parr, “Explaining Intraday Momentum with Information Asymmetry” (Advisor: Michael Aguilar)

Sagar Shukla, “Age, Size, and Ownership: Firm Growth in India from 1995-2005” (Advisor: Anusha Chari)

Isabella Sun, “Impact of Trade with China on the Unemployment Rate in Taiwan” (Advisor: Steven Rosefielde)

Seth Wynands, “The Unrest Link: Does Income Inequality Impact Investment through Socio-political Instability?” (Advisor: Toan Phan)

Graduate Program News



Helen Tauchen

Director of Graduate Studies

The Department of Economics was pleased to welcome another talented incoming graduate class to the University this fall. In late July, students began the three-week session of quantitative methods, also known as Math Boot Camp. In the fall semester they are studying econometrics with Professor Jonathan Hill, macroeconomics with Professor Lutz Hendricks, and microeconomics with Professor Fei Li. Many are also taking a second quantitative methods class with Professor Kyle Woodward who recently joined us from UCLA. As in the past, the lounge area on the fourth floor of Gardner Hall is being used for discussions of the many assigned homework problem sets.

This year we also welcomed Julian Wooten as our Graduate Services Coordinator. Julian is new to the Economics Department but very familiar with the University. He has a Bachelor's degree in Biology and Chemistry from UNC along with a Graduate Certificate in Nanomedicine. Since graduating, he has served as a Teaching Assistant and Administrative Manager at the School of Public Health, a Research Technician for the Biomedical Research Imaging Center, and a Research Assistant for the Department of Computer Science in addition to leading his own award winning entrepreneurial ventures. Julian has brought a great deal of energy to the job and worked very hard to help our students through registration

for courses, assignments to teaching assistantships, and all the other steps required by the University.

As always, the fall semester is a very busy time of year for our graduate students searching for jobs. As students enter the "job market" this year, many of their dissertations will differ markedly in form from those of their advisers or at least their advisers' advisers. Forty to fifty years ago, almost all dissertations were treatises organized as books. Over time, the standard for academic success has evolved from publication of a book to publication of many refereed publications in academic journals. In response to this, students began organizing their dissertations as a set of (journal-ready) essays. The percentage of essay style dissertations grew from virtually zero in 1970 to almost 70 percent now.

You may be wondering if economists have investigated the empirical success of this shift in dissertation structure in increasing publications in academic journals. Yes, in fact, Wendy A. Stock and John J. Siegfried in their recent *AER* analysis report that the evidence regarding the effect of the essay format on the number of early-career publications is mixed. They find evidence that the essay-style is advantageous for some graduates of highly ranked departments but that overall the dissertation format has a limited effect on the number of publications shortly after graduation.

We always enjoy seeing our alums (some of whom typed their treatise style dissertations on typewriters and hoped that no sentences needed to be inserted). If you are in Chapel Hill, we hope that you will stop by the department. Also, your fellow classmates and those of us still at UNC would enjoy hearing about your activities in the economic profession and otherwise. You can update us for the next newsletter by

phone (919-966-2383), e-mail (helen.tauchen@unc.edu or econodgs@unc.edu), web form (<http://www.unc.edu/depts/econ/newsletters/register.htm>), or even snail mail.

With best wishes for now and the upcoming year.

-Helen Tauchen

2015 Entering Class

Katy Ascanio, B.B.A. Temple University

Kevin Atkinson, B.A. and B.S. Appalachian State University

Siddhartha Biswas, B.A. and B.S. University of Chicago

Anessa Custovic, B.A. Arcadia University

Alexander Dunham, B.A. and B.S. University of North Carolina at Chapel Hill

Fatih Haspolat, B.S. Middle East Technical University

Anthony Juliana, B.S. Brigham Young University.

Elijah LoCicero, B.B.A. University of Georgia

Lucas Mariani, B.A. and M.A. University of Sao Paulo

Alina Malkova, B.S. and M.S. Moscow Institute of Physics and Technology.

Abe Martin, B.A. and B.S. University of Maryland

Jacob McCann, B.A. University of Virginia.

Daniel Mills, B.S. College of Charleston

Andrey Minaev, B.S. and M.S. Moscow Institute of Physics and Technology.

Khoa Nguyen, B.A. Foreign Trade University, M.A. Western Kentucky University

José Mauricio Salazar Sáenz, B.A. and M.A. Pontificia Universidad Javeriana.

Ayushi Singh, B.A. University of Dehli, M.S. Madras School of Economics.

Panit Wattanakoon, B.A. and J.D. Thammasat University

2014-2015 Ph.D. Recipients and Placements

Olga Belskaya, “Essays on the Expansion of Higher Education” (Advisor: Klara Peter); Ohio University
Justin Contat, “Minimum and Maximum Contribution Limits in Political Lobbying” (Advisor: Sergio Parreiras); Longwood University
Anthony Diercks, “Essays on Risk and Macroeconomics” (Advisor: Patrick Conway); Federal Reserve Board
Laura Jackson, “Monetary Policy in a Zero Lower Bound Environment” (Advisor: Neville Francis); Bentley College
Brett Matsumoto, “Explaining Youth Smoking Behavior in the Context of a Rational Addiction Model with Learning” (Advisor: Donna Gilleskie); Bureau of Labor Statistics
Giang Nguyen, “Essays on the High Frequency Economics of the US Treasury Market” (Advisor: Eric Ghysels); Penn State, Finance
Melati Nungsari, “Essays on Pricing and Two-Sided Platform Matching” (Advisor: Gary Biglaiser); Davidson College (visiting)
Christian Posso, “Marginal Returns to Education in a Developing Country: The Role of Sequential Schooling Decisions and Early Investments in the Life Cycle” (Advisor: David Guilkey); Central Bank of Colombia
Ken Reddix, “Powering Demand: Solar Photoelectric Subsidies in California” (Advisor: Brian McManus); Deloitte
Wasin Siwasarit, “Skewness in Expected Macro Fundamentals and the Predictability of Equity Returns: Evidence and Theory” (Advisor: Eric Ghysels); Thammasat University
Forrest Spence, “The Role of Experience in the Market for College Textbooks” (Advisor: Brian McManus); University of Notre Dame (lecturer)
Huan Zhou, “Forecasting in a Data-Rich Environment” (Advisor: Eric Ghysels); Analysis Group

2014-2015 Masters Recipients

Jose Campillo-Garcia
Marcela Parada Contzen
Andrea Otero Cortes
Katherine Easom
Matthew Forsstrom
Ran He

Ken Ho
Tyler Howard
Baiyang Huang
Keith Johnson
Hanwei Liu
Blanca Martinez

Christian Posso
Stephen Raymond
Pompun Ruankong
Nilay Unsal
Jing Zhou

2014-15 Teaching Awards



Jae-Yeong Song/
 Chunuk Park Award for
 Excellence In Graduate
 Teaching:
Lutz Hendricks



Vijay Bhagavan Award
 for the Outstanding
 Econ 101 Teaching
 Assistant:
Yiyi Liu



Excellence in
 Undergraduate
 Teaching:
*Michael
 Aguilar*



Best TA in
 a Graduate
 Level
 Course:
*Matthew
 Forsstrom*



Award for
 Outstanding
 TA Instructor
 in an
 Undergraduate
 Course:
Jason Brent

Faculty and Staff News

Gilleskie Recognized for Outstanding Mentoring

Professor Donna Gilleskie received an award from the Women's Leadership Council for her outstanding faculty-to-graduate student mentoring at UNC. Professor Gilleskie's students have excelled in the areas of health and labor economics. Her recent students have taken research and instructional jobs at government agencies (Bureau of Labor Statistics, US Census Bureau), at consulting firms (RTI Institute, Mathematica), and at research universities (Notre Dame, Tulane and Tennessee).

Professor Gilleskie remains very active as a researcher. She is a fellow of the Carolina Population Center and is involved in interdisciplinary work with colleagues in the School of Public Health and the School of Nursing on the Carolina campus. Her mentoring continues in these collaborations, providing an example for others in Chapel Hill.

Balaban Receives Tanner Award for Excellence in Undergraduate Teaching

Senior Lecturer Rita Balaban was named a 2015 recipient of the Tanner Award for Excellence in Undergraduate Teaching. She was recognized for this prestigious university-wide honor during halftime of the Carolina-Florida State basketball game in late-January and she, along with the other teaching award recipients, was honored by Chancellor Carol Folt at an awards banquet in April.

The following is an excerpt from the award citation:

Students heap high praise on Balaban as a teacher. They say that she is a "great lecturer" and that she has an uncanny knack for "taking the hardest concepts and making them easy to understand." Her interactive lectures helped forge connections with her students in what could have been a large, anonymous setting. Students are "enthralled," "captivated" and "riveted" by materials that might otherwise seem a bit dry.

Professor Balaban was surprised and pleased to be honored in this way. As she put it: "I was taken off-guard when I received notification that I had won the award. With the encouragement of the Department of Economics and the financial support of the Center for Faculty Excellence, I did a massive redesign of my ECON 101 class prior to the Fall 2013 semester. It's nice to know that my efforts, which have had measurable positive impacts on student learning, were recognized

by the committee."

The committee was just the latest to come around; her efforts have been recognized and applauded for years by her students and colleagues. Congratulations, Rita!

Chari is Making News

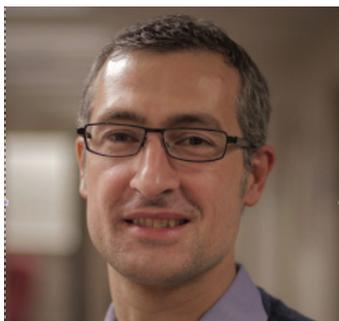
Associate Professor Anusha Chari made two appearances on the radio show "On Point with Tom Ashbrook", which is a live news analysis program produced by Boston's NPR station with a weekly audience of over 1.7 million listeners. Both shows, which are listed below are archived at onpoint.wbur.org.

- "Shaky Stocks And A Global Correction." NPR On Point with Tom Ashbrook, August 25th, 2015.
- "The Global Strength of the Super Dollar." NPR On Point with Tom Ashbrook, March 17th, 2015.

Promotions

Two faculty members were promoted during the 2014-2015 academic year. Michelle Sheran-Andrews was promoted to Senior Lecturer and Andrew Yates was promoted to Associate Professor.

New Faculty at Carolina



Luca Flabbi is an Associate Professor with specialization in labor economics, most notably search models of employment choices. He received his Ph.D. from New York University and previously taught at Georgetown University in Washington, DC. He will teach both graduate and undergraduate classes. He is a native of Italy; the biggest adjustment to US higher education for him is beginning work in mid-August. His relations in Italy are still at the beach!



Jane Cooley Fruewirth is an Assistant Professor with specialization in labor economics, the economics of education, and social economics. She has her Ph.D. from Duke University and has had previous professorial appointments at the University of Wisconsin in Madison and at the University of Cambridge in the UK. She is very happy to be back in North Carolina but sees it through new eyes: the geography of Chapel Hill is quite different for a graduate student than for a mother of two small children. She will be teaching both graduate and undergraduate classes.



Kalina Staub has joined us as a Lecturer in Economics. She also has her Ph.D. from Duke University, and is returning to North Carolina from the University of Toronto in Canada. (In her case, the warmth of Chapel Hill is a welcome feature of the place.) She will teach labor courses for undergraduates and has also developed a “Gender and Economics” course that she offers for advanced undergraduates.



Jonathan Williams is an Assistant Professor with specializations in industrial organization and applied econometrics. His work on interfirm competition in the airline industry is well known, and he is now turning to the study of the telecommunications and pharmaceutical industries. He received his Ph.D. from the University of Virginia and taught previously at the University of Georgia. He and his family have settled in quickly as Tar Heels here in Chapel Hill. He will be offering classes in industrial organization both for our graduate students and for our undergraduates.



Kyle Woodward is an Assistant Professor in Microeconomic Theory. He has just completed his Ph.D. at UCLA, and his research agenda is focused upon the behavior of bidders in auctions. He’s moving to Chapel Hill from Denver, where his wife has been completing her graduate degree. His first impression of Chapel Hill when he arrived in August? It’s hot! He will assist in teaching the core microeconomics course to graduate students, and will also offer advanced undergraduate courses in microeconomics.

Economics Research at Carolina

Faculty research continues to be an integral part of Department activity and is critical to our Departmental mission. For this year's newsletter we asked Professor Jonathan Hill to share his research with our readers.



Jonathan Hill

Mid-way through graduate school, I discovered a real-world phenomenon that was both ubiquitous and poorly understood: the extreme volatility of financial data. Two questions have driven my research since then. First, what are the causes of such extreme volatility? Second, what are the consequences for economic choices? While I was first introduced to the concept through the financial markets (stock prices, exchange rates, interest rates), I've discovered that the extreme-volatility phenomenon is observed in economic outcomes as disparate as auction results and urban sprawl.

The definition of extreme volatility is most evident from comparison to the standard normal distribution. The "bell curve" picture that we have in mind represents a standard amount of volatility. When extreme volatility is observed, the distribution is flatter and "fatter" or "heavier" in the tails of the distribution. Because of these differences from the standard normal distribution, all of the hypothesis tests we learned in statistics class based on the normal distribution will be biased or imprecise. This fascinated me. How does this feature arise in financial markets? What the implications for

conventional econometric tests? How can we create tests that are unaffected by or are robust to such volatility?

My first project concerned a way to test whether an econometric model was correctly specified when data were extremely volatile, with an eye toward modeling financial bubbles. My job market paper itself concerned pure prediction theory for these heavy-tailed data. Interesting applications of extreme value theory are not simply for financial data: I have also published a co-authored paper in which the focus is on observed prices in first-price auctions. I find it fascinating that the theoretical underpinnings of extreme values naturally arise in many places: these include how financial volatility evolves over time, and how auction bids clump near a reserve price. Theory predicts this will happen, and observed financial and auction bid data verify that these data are indeed "heavy tailed".

After graduate school my interests branched into other areas:

- the econometric specification of causality tests, typically applied to macroeconomic and financial data. My own applications concerned whether spikes in money growth influenced future income growth, possibly many months or quarters in the future.
- The robustness of statistical tests, typically applied to heavy-tailed data.
- The appropriate hypothesis tests for "big data" questions: practical and theoretical concerns when an economist has far more data variables at hand than can possibly be used for an economic or econometric model. This can be very important in practice, since analysts have publicly available data sets like the Current Population Survey that offer hundreds of variables to use but no guidance on which

variables belong in the regression. The typical approach to this problem is to assume that only a limited number of variables matter for a particular model and focus on those variables. My research focuses on testing the validity of that premise.

Most recently, I've become interested in quantile methods of estimating the properties of a distribution. The determinants of spending of the very rich, for example, may differ from those of the very poor; quantile analysis allows us to identify those differences. Similarly for health care: policy-makers may be more interested in why some people have very low (low quantile) health care expenditures, while others (with the same underlying health) have very high (high quantile) health care expenditures.

My teaching has had a major impact on my research interests. As I develop the syllabus and lecture notes for a course, I have time and time again been forced to rethink why some issues are discussed the way they are in text books and in scholarly articles. When I find a discrepancy between the textbook approach and my own approach, I have a new research project to pursue. At the same time, my research has had a important impact on how I work with undergraduates who are developing seminar papers or honors theses. I know that undergraduates can understand the newest methods, and I like to challenge them to contribute new ideas. The result, every time, has been wonderful.

A complete list of Professor Hill's works and proper citations can be found on his website, <http://www.unc.edu/~jbhill>

Evaluating a Gates Foundation Initiative

Professor David Guilkey briefed us last year in this space about his research evaluating a Gates Foundation Initiative in four emerging economies. Here's an update from him on his progress.

I've briefed you in previous newsletters about my work on a Carolina Population Center project with the Gates Foundation. We've had promising recent developments, and I'd like to update you.

The Gates Foundation has invested heavily in a strategy to reduce maternal and infant mortality as well as unintended pregnancies in the developing world by increasing access to high-quality, voluntary family planning services. This strategy has been implemented in four countries worldwide: India, Kenya, Nigeria and Senegal. The obvious question for the Gates Foundation, and all observers, was: Is the strategy working to reduce mortality and unintended pregnancies?

Carolina has for decades been a world leader in answering this type

of question. In the MEASURE project that I developed, the Carolina Population Center has provided project-level evaluation of the impacts of projects undertaken by the US Agency for International Development. The Gates Foundation asked a similar question about their strategy – is it working?

I and my co-investigator, Ilene Speizer of the School of Public Health at UNC, began our evaluation in 2008. By 2014, our initial results were in. In all countries, we found a subset of initiatives from the strategy that had strong positive impacts in reducing mortality and unintended pregnancies and another subset of initiatives that had little to no effect. The Gates Foundation has used our results to refine its strategy with the goal of improving outcomes in all four countries. The 2.0 strategy will be more

cost-effective in achieving this goal. This is important to the Gates Foundation for two reasons: first, it can offer the same services at lower cost; second, it can convince other potential donors and governments that the strategy is worthwhile. The Gates Foundation would like to extend its strategy to all countries, and our evaluation is making that possible.

The Gates Foundation recently showed its appreciation for our work in a very tangible way by committing funds to expand the program to additional countries. They also made it clear that they want us to continue to be involved in the evaluation process going forward.

*-David Guilkey
Boshamer Distinguished Professor*

Phi Beta Kappa 2014-2015

In 2014-2015, 29 of our students were inducted into Phi Beta Kappa.

*Julie Jee-Eun Ahn
Michael Alexander Basse
Michael Anthony Catalano
Alexander N. Dunham
Anagha Uday Gogate
Liliana Karas Gregory
Clayton Scott Hackney
Robert I. Harris
Jonathan Hebert
Jorian Hoover*

*Samantha Hovaniec
Justin Brett Jones
Glenn Thomas Lippig-Singewald
Brian Lim
Claire Elizabeth Todd McLaughlin
Graham Ober Palmer
Emma A. Park
Ryan Ray Passer
Sheev Patidar
Daniel Nelson Rue*

*David Russell
Charles J. Shapiro
Esteban Socarras
William Christopher Stelpflug
Zhiyi Su
Nandan P. Thakkar
Longxuan Wang
James Scott Williams
Melanie B. Yeames*

Omicron Delta Epsilon 2015 Inductees

ODE was led this past year by President Ryan Leary and faculty advisor Dr. William R. Parke. Membership is open to outstanding junior and senior Economics majors and Economics graduate students. The annual induction ceremony was held in April and Dr. Rita Balaban, Senior Lecturer in the Department of Economics, was the invited speaker. The 2015 inductees included:

**William Carter Bryson
Matthew Guan
John Henry Carmichael
Eric Harmeling
Claire Caudill
Kelly Hughes
Emily Cerciello**

**Justin Brett Jones
Shelby Chandler
Gordon W. Long
Joshua Chen
Katherine D. Lutton
Mary Claire Evans
Jason Murray**

**Caroline Fite
Solchan Park
David Gallagher
Daniel N. Rue
Derek Goodwin
Allen Tang
Keren Tseytlin**

Entrepreneurship Minor News

Entrepreneurship can mean lots of different things to lots of different people. When you ask a group of students to name an entrepreneur, they often rattle off the list of usual suspects – Gates, Jobs, Zuckerberg – giants of innovation in world of information technology and software. The mental image is often of the lone genius, whose crazy ideas come as if in a mystic dream, the ideas flowing out fully formed and ready for funding by top-flight venture capitalists. This is, of course, mythology. You might be a genius on your own but you will more than likely never be an entrepreneur on your own. We tell our students that entrepreneurship is a team sport, one that thrives best with diverse teams built to tackle complex problems. We also tell them that anyone can learn and apply the tools of entrepreneurship, and they can be applied to literally any type of business in any industry, and for commercial as well as social

gain. Entrepreneurship is a mindset, a way of looking at the world and finding solutions where others might see the problem and stop.

This has been a year of change in the Minor in Entrepreneurship. Professor John Akin was pulled out of retirement and back into action as the interim Director in the summer of 2014 and retired once more this past summer. After serving on the Working Group for the Minor the last seven years and as an Entrepreneur in Residence for the past two years, I was appointed Executive Director of the Minor on July 1. As a UNC graduate with a degree in Economics, it is a slightly surreal experience to be in Gardner Hall after 20 plus years in business with the opportunity to lead such a dynamic and exciting program with such talented peers and amazing students. Our job is to provide the students an exceptional learning experience in and out of the classroom and leave our program

ready to solve real-world problems in companies and organizations of all types.

The Minor has been and will continue to be an integral part of UNC's journey toward becoming a more innovative and entrepreneurial university. Over the past ten years, we have graduated over 600 students. This year we admitted our largest class to date, with 146 students in ECON 325, the first course for students after they are admitted to the Minor. The opportunity to expand the reach of the Minor in new ways is tremendous, and we are engaged with many campus departments and schools in a variety of ways, from offering advice on teaching methods to sponsoring new courses within departments.

There are several areas we are focusing on as we move from “start-up” phase into “growth phase.” The first is taking a hard look at our curriculum and making sure we continue what has made us successful – balancing theory with practice, mixing academic instructors with practitioners. We have made some changes to the required courses in the Minor that require us to harmonize the content between and among various classes in the Minor. We are also taking a look at diversity in the Minor. Research is clear that diverse teams are better at solving complex problems like those found in entrepreneurial endeavors. We want to make sure the Minor looks like the diverse population of UNC, across all aspects of diversity, and are considering new ways to reach underrepresented populations. One of the keys to this is making sure our instructional faculty reflects this



Charles Merritt (Executive Director), Buck Goldstein (University Entrepreneur in Residence) and Bernard Bell (Entrepreneur in Residence) with a group of students who interned in New York City this summer.



Students from the Minor in Entrepreneurship who participated in the Entrepreneurial Summer in Shanghai Program spelled out CAROLINA when they visited the Great Wall of China. Students received six hours of credit through taking courses and participating in internships. The majority of the students had internships in startups.

diversity, and several of our new hires have brought new backgrounds and experiences to the program:

- Jan Davis, a venture capitalist from the Research Triangle area, is a new financial Entrepreneur in Residence;
- Jed Simmons, a digital developer for You Tube and Google, is a new-media Entrepreneur in Residence;
- Bernard Bell, a media executive from BET (formerly the Black Entertainment Television channel), is a communications Entrepreneur in Residence

Other strategic initiatives are focused on improving our reach into the UNC network to create more and better opportunities for experiential learning and continuing efforts to incorporate practitioners and entrepreneurs in the classroom.

There are many other new and exciting ideas floating around the Minor, and the John S. Akin Entrepreneurship Suite is a busy place, with students visiting our instructors and EIRs for advice on projects in and out of the classroom and faculty and staff from all over campus looking for ways to partner

with the Minor. Our goal is for UNC to be the number one university for entrepreneurship. If we focus on creating an exceptional experience for our students, utilizing all the resources available to us at UNC, I have no doubts we will achieve that goal in the not too distant future.

-Charles Merritt

Executive Director of the Minor in Entrepreneurship

For current news and happenings from the Minor, please visit our website (<http://www.unceminor.org/>) or follow the Minor in Entrepreneurship on Twitter (@unceminor), Facebook and join our group on LinkedIn.



Kanny Morgan, Michael Baker, Eliza Filene, Will Jarvis, Cade Underwood, Ritam Chakraborty, Yi Cheng and Alec Haber

Alumni News

William E. Brewer, Jr. (BA, 1973) received the lifetime achievement award from the Bankruptcy Section of the North Carolina Bar Association in November 2014. Attorney Brewer, who also received his law degree from UNC, told us that his Carolina education has greatly enhanced his ability to represent debtors in bankruptcy.

Mike Hermanson (BA, 2014) is an options trader with PEAK6 Investments and currently lives in Chicago, IL. Mike wrote to let us know that he is using the skills he learned in his economics courses at Carolina to trade volatility arbitrage in the index and equity options markets. "Prof. Aguilar's Financial Markets and Econometrics courses are relevant and very applicable to my day to day activity."

Bob Sheppard (BA, 1969) has been teaching a course on international project finance in the International MBA program at the University of South Carolina since 2008. As a result of the restructuring of the USC program,

he has had an opportunity to teach a first-year finance course for MBA students at UNC Charlotte and a bank management course this past spring. In 2009-2010, he traveled to Jordan frequently as a consultant for the US government on a wastewater treatment project. In 2011-2013, he went to Africa 4-5 times per year, working for the UN and the African Development Bank. He returned to USC for the Fall 2015 semester. Bob currently lives in Charlotte, NC.

Jennifer Stark (BA, 2002) is Director of Development at Advocates for Youth. Jen is beginning her third year leading and diversifying the fundraising operation at a 30+ year old NGO that is transforming the training, advocacy and services that help young people lead healthy lives. Every day she calls upon the critical thinking, quantitative research and historical knowledge she studied as an Econ/Poli Sci Double Major undergrad. She says, "A special thank you to Boone Turchi and Jim Stimson who may not have known the path I would set upon (neither did I!) but the multiple classes I

took with each of them gave me the confidence and skill-set that would be invaluable." Jennifer is living in Washington, D.C.

SeungKeun Na (M.S., 2002) is Head of the Debt Securities Team at the Bank of Korea in Seoul, Korea.



UNC-South Bend? Chris Cronin (Ph.D., 2014) and Forrest Spence (Ph.D., 2015) are faculty members in the Department of Economics at Notre Dame.

Let Us Hear From You

The Economics Department welcomes news from its graduates. Please use the form at <http://www.unc.edu/depts/econ/alumni/feedback.htm> to drop us a line and let us know how you are doing. If you prefer, you may fax the information to 919-966-4986. Please include in the fax, your name, address, year graduated, and degree, along with employment, family, and other interesting information to pass on to classmates in the next newsletter.

Life After Carolina

After graduating from Carolina in the spring of 2005 I started my Ph.D. in Economics at the University of California San Diego. I chose UCSD in part based on a conversation I had with Professor Gary Biglaiser. I had asked if we could discuss my grad school options and even though I had never taken a class from him, he generously obliged, embodying the Carolina spirit I recall fondly. The next time I saw Gary was nine years later at a conference in Vienna but didn't find the chance to thank him (perhaps fearing he would not remember!), so I hope he reads this.

The first year of an economics Ph.D. is an intense blitz of micro, macro and econometrics, taught at a substantially higher level than typical undergraduate classes. My Carolina coursework had me well prepared, in particular the econometrics sequence I took with John Stewart and the senior thesis class overseen by Stanley Black. Courses I had taken in the Mathematics Department also proved enormously useful.

I completed my Ph.D. in 2010 and went on the full academic job market, interviewing for Assistant Professor positions all over the world. I ended up opting for a researcher position at Yahoo Research, an industry research lab in Sunnyvale, CA, where I pursued academic-style work with an applied focus. In particular, this required shifting from my focus in behavioral economics to the emerging field of "Economics and Computation."

I moved to Microsoft Research in 2012 and spent three years in our New York City lab. Today I am Senior Researcher and Technical Advisor to our Chief Economist at Microsoft headquarters in Seattle. My papers have been published in prestigious economics journals such as the *Quarterly Journal of Economics*, the *Journal of Economic Perspectives* and the *Journal of Public Economics*. This work has been covered in the popular press in outlets such as the *New York Times*, the *Wall Street Journal* and the *Atlantic*. I have given invited lectures at universities such as UC Berkeley, Cornell, Princeton and U. Chicago. Internally, I am our lead economist on cloud computing and have presented work to the highest levels of management, including a spirited exchange with then-CEO Steve Ballmer.

So ten years on from the graduation ceremony in Gardner Hall, I find myself deeper in the economics game than I ever could have imagined (it seems half my friends on Facebook are econ professors!). While this might sound terrifying to some, if not most, I love it. I am deeply grateful to the start I got at Carolina. The small class sizes allowed me to engage with professors and go beyond the required material. These relationships in turn allowed me to apply to graduate school with strong letters of recommendation and having taken the right classes from both inside and outside the department. When you are at Carolina, it is easy to take these things for granted, but I assure you they are all-too-rare and should be taken advantage of to the fullest extent.

-Justin Rao
Class of 2005



Jennie Ellison: Supporting Economics at UNC



Jennifer and Greg Ellison

Jennie Ellison '89 of Charlotte, N.C., fondly credits Carolina for providing her with the resources she needs to think critically every day at Microsoft as the global release manager for Office Client Services. Her ability to work through complex resource and project management problems is tied back to her success as an undergraduate economics major at UNC.

"Carolina is more than a single major," Ellison said. "I grew up in a small town and Carolina allowed me to spread my wings as a person." The classes and lessons she learned during her undergraduate career in Chapel Hill continue to impact Ellison's life. "Classes I took in art history gelled later when I was given the opportunity to go to Europe for work and see some of the places I saw only as slides in Hanes Art Center. Productions in PlayMakers for drama class gave me an appreciation for the theatre," she said. "The general college aspect allowed me the time to figure out what my passions were."

Some of Ellison's interests included sailing as a part of club sports as an undergraduate and today competing in half-ironman races and marathons. She is also passionate about giving back to Carolina.

When Ellison saw reports that the economics department faced extensive budget cuts, she wanted to help the department that made such an impact in her professional and personal life. She said, "I loved my econ professors and my computer science classes." She asked the Arts and Sciences Foundation how she could help.

Ellison created the Jennifer Langfahl Ellison Excellence Fund in 2014 to support the department that gave her so much and to help ensure that it will be able to provide the same education to students for years to come. The department used the Ellison Excellence Fund to support the recruitment and research of Jonathan Williams. Williams, an assistant professor who earned his Ph.D. in economics from the University of Virginia in 2009, primarily studies the strategic choices made by firms. He has earned a national reputation for his study of competition among airlines for passengers, uncovering both the strategy behind airline seat pricing and the deterrent effect on competition of investment in gates at busy airports. Recently, he's turned his attention to the competitive activities of residential broadband networks. He not only conducts world-changing research, but also explains the work so clearly to students in his classes that they too are on the cutting edge of industrial strategy.

Patrick Conway, chair of the department, said, "We are extremely grateful to Ms. Ellison for her support. The Ellison Excellence Fund is invaluable in giving our department the flexibility to compete with our peer institutions in attracting and retaining superior faculty members."

Since her graduation, Jennie has been committed to supporting her alma mater. She said, "I wanted to give back to the place that provided me with the opportunity to be the person I am now."

Yes, I want to give to Economics

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