

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



From the Editor

2004



Welcome to the 2004 edition of the Economics Department Newsletter. Because there was a positive response to last year's combined newsletter, we again are combining both undergraduate and graduate news items. We think that the combined format allows for more complete coverage of activities and hope that all of you will find this edition interesting and informative.

This past year saw us facing similar budget constraints to those of previous years. This has occurred at a time when both student enrollments and declared Economics majors have remained at high levels. We continue to have in the neighborhood of 510 juniors and seniors declaring Economics as their first or second major, and approximately 600 total majors if early declared majors in the General College are included. One item of interest is that there is an increasing number of students declaring Economics as their second major. We taught a total of 5575 undergraduate students in the 2003/2004 school year. The quality of our undergraduate majors continues to be high, as reflected in their strong academic records, the high quality of our senior honors theses, and the number initiated into Phi Beta Kappa and the Economics honorary, Omicron Delta Epsilon. Our majors have also continued to do well in the job market, even though it has been a relatively lean market for undergraduates in general the past couple of years.

The College of Arts and Sciences is in the midst of implementing an extensive

curriculum reform. The plan is to have the new curriculum operational by Fall 2006. We continue to be pleased with our revamped basic math course and statistics courses, and with the contributions of our senior economics major TAs who have been assisting in Econ 10, the Principles of Economics course. We are now in the second year of this experiment and it appears to have had a significant positive impact on the learning environment in these courses. In another vein, the Department is in the process of establishing a minor in Entrepreneurship which is a core element of the broader University push to develop an educational focus in this area. The success of this endeavor was apparent in the recent Forbes magazine article which ranked the UNC-Chapel Hill Entrepreneurship program tops in the country. The Department is excited about this new program and our role in developing this, our first, Department minor. For this reason, we have devoted a special section to the Entrepreneurship minor later in the newsletter. We hope you will find this information both interesting and informative. We, of course, welcome any comments or ideas you might have about this new academic endeavor.

Department faculty have continued to lead active research lives and to be successful in obtaining research grants, publishing in high quality journals and consulting with government agencies and international organizations. Several spent part or all of last year on funded research leaves at top research institutions both in the United States and in Europe. Two major economics journals continued to be edited by our

faculty (*The Journal of Econometrics* and *The Journal of Economic Development*). Department members have continued the strong participation in international projects in various countries of the world that we focused on in the last newsletter. Faculty have been particularly active in Asia where they continue to be involved in projects in China, Korea, The Philippines, Vietnam, Bangladesh, and Cambodia.

In summary, the Department has had a productive, albeit financially difficult, year. Let me again thank all of you who took the time to contact us this past year, either by written communications or stopping by the Department. As usual, we thoroughly enjoyed spending time with those of you who came by the office when you were in Chapel Hill, and bringing us up-to-date on what had happened in your life since leaving Carolina. I hope that you have had a good year and that life has treated you well during the ups and downs of this past election year. We hope that you will continue to keep in touch with us regarding important events that you have experienced as well as providing feedback on how we can improve the educational program for our majors. If you know of internship or job possibilities that you feel might profitably be brought to their attention please let us know. A final reminder is that the most current information about the Department can always be found on our website www.unc.edu/depts/econ. As usual, my very best wishes for a successful, prosperous and interesting year. I encourage you to stop by and see us anytime.

Al Field

Economics Research

Faculty at Carolina continue to be engaged in research, both theoretical and applied, in many different areas at both the micro and macro levels. This year we focus on the current research activities of three professors working in both theoretical and applied fields. This group includes Professor David Blau who discusses several research projects dealing with the economics of aging, Professor Richard Froyen who provides an overview of his various research efforts in macro and monetary policy, and Professor Gary Biglaiser who describes several of his ongoing research projects in the areas of micro theory and industrial organization.

It is important to again note that much of the research which takes place in the Department is dependent upon outside grants and endowments from prestigious organizations as well as from private contributions to the Department Trust Fund. We very much appreciate all the contributions many of you have made to the Department in recent years which have supported our research efforts by helping fund research assistants, the acquisition of important costly data sets, computational facilities and faculty travel to professional meetings and conferences. For more specific information about Department research needs and funding, please contact John Akin, Chair, john_akin@unc.edu.

The Economics of Aging

David Blau is an aging economist who is also an economist interested in the economics of aging. The population in the U.S.



and many other countries will be aging rapidly in the next few decades, thanks to low fertility and longer life

spans. The share of the U.S. population aged 65+ is expected to increase from 13 percent today to about 20 percent by 2030. This is an unprecedented change, and will have far reaching implications for many aspects of the economy. With funding from the National Institute on Aging (part of NIH), Blau has conducted research on several of the economic implications of an aging population. With his background as a labor economist, studying retirement from the labor force was a natural place to begin. His early research showed that the timing of retirement is strongly influenced by the age of eligibility and the level of Social Security benefits (*Econometrica*, 1994). This is a key issue for policy makers concerned about the long run solvency of Social Security. Most Social Security reform plans give workers incentives to retire later, and Blau's research shows that such incentives could have large effects on retirement timing and could help stabilize Social Security in the long run. Subsequent research showed that another major change in labor force behavior, dramatically higher labor force participation of married women, also has important implications for retirement behavior. Many two-career married couples prefer to retire within one or two years of each other, but economic incentives often work against this preference. For example, employer-provided Defined Benefit pension plans can provide very strong incentives to remain employed in spite of the retirement plans of the spouse. Blau's research showed that these incentives matter but are generally trumped by preferences (*Journal of Labor Economics*, 1998; *Labor Economics*, 1997, 1999).

One of the hottest topics in retirement research in recent years is the impact of health insurance on retirement. Most health insurance in the U.S.

is provided by employers until eligibility for Medicare begins at age 65. Some employer health insurance plans provide coverage for retired workers, but others do not. The absence of retiree health insurance coverage creates a link between employment decisions and health insurance coverage that may affect the incentive to retire before age 65. This link does not exist for workers who are eligible for retiree health insurance coverage from their employers, or who have coverage from other sources. This is an important policy issue because reform proposals that would make health insurance coverage independent of employment status could increase the already-high rate of retirement before age 65, thus worsening the financial condition of Social Security and Medicare. In a series of papers with UNC-CH colleague Donna Gilleskie, Blau has explored the empirical importance of this link. They found that older men with employer-provided health insurance are about two percentage points more likely to retire in a given year if they have retiree health insurance coverage than if they lack such coverage, controlling for many other factors (*Review of Economics and Statistics*, 2001). In addition, this is the first research to analyze health insurance and retirement of women, and the findings suggest the need for richer models to understand the behavior of women.

Blau's most recent research tackles another major public policy issue: the adequacy of saving for retirement. Consumption expenditure declines sharply at the time of retirement for many households. Some analysts argue that this is inconsistent with the behavior implied by forward-looking life-cycle models and implies that households do not save adequately for retirement. However, most studies of saving for retirement take the timing of

retirement as given, and analyze consumption behavior conditional on retirement. Blau builds a life cycle model in which both consumption and employment are choices. The model incorporates key constraints facing older households, including Social Security retirement and disability programs, employer pensions, stochastic earnings and asset returns processes, lay-off risk, job-offer risk, and health and mortality risk. The main finding is that there is a drop in consumption at retirement in simulations of the model. While a drop in consumption at retirement is avoidable for most households, it appears to be part of the optimal life cycle plan in many cases. The implication of these findings is that we cannot infer that consumption expenditure declines at retirement because of inadequate savings. In ongoing work on this issue, Blau is working on estimating the key parameters of the model.

A new research project currently in the planning stages was initiated by Blau during his recent research leave at CREST, a research institute in Paris. In collaboration with French economists, he plans to undertake a comparative study of French and U.S. labor market institutions that affect retirement behavior. The labor market for older workers is widely believed to suffer from rigidities that make it difficult for older workers to carry out their desired trajectories from work to retirement. The rigidities that are often cited include the lack of opportunity for part-time and flexible-hours work at many firms; the low wages and lack of benefits in the part-time employment opportunities that are available; and the lack of training and promotion opportunities for older workers both at their career employers and at potential new employers. The proposed study will take advantage of rich establishment level data to address the following ques-

tions: (1) What are the characteristics of establishments in which older workers commonly are employed part-time, for flexible hours, and in which gradual retirement is relatively common? (2) Are the relatively limited job opportunities for older workers a result mainly of cost considerations such as fewer expected years of employment over which a firm can recoup its cost of investment in training the worker; or of labor supply behavior, i.e. high reservation wages? (3) How can matched employer-employee longitudinal data be used to distinguish among alternative explanations for rigidity in the labor market for older workers? Blau and his colleagues will focus on the role of labor demand factors (cost, age discrimination), labor supply factors (firm-specific human capital, short remaining horizon for employment, high cost of search), and government policy (the Social Security Earnings Test and others).

In addition to the demands of his previously described research agenda, Blau is also the Director of the Demography and Economics of Aging Research (DEAR) program at UNC-CH (see www.cpc.unc.edu/dear). The program is housed at the Carolina Population Center, and collaborates with the Institute on Aging at UNC-CH to promote research and research training on the demography and economics of aging. The program has been supported by a grant from the National Institute on Aging, and recently received a new four-year award with increased funding which will allow it to expand its research program. Specific activities of the program include: (1) Seed funding for pilot studies on issues in the demography and economics of aging intended to lead to grant proposals submitted for external funding; (2) Sponsorship of seminars by outside speakers on de-

mography and economics of aging research; and (3) Support for an internal UNC working group of researchers with research interests in the DEAR area. Examples of pilot studies funded by the DEAR program include "Informal Care and Medicare Expenditures," "An Evaluation of the Impact of the Social Security Disability Insurance Program on Labor Force Participation in the 1990s," "Family Care and Support for the Elderly in China," "Nutrition and Aging in African Americans," "Costa Rican Healthy Aging Study," "The Effect of Increasing Longevity on Long-Term Care Use," and "Alcohol and Unintentional Home Injury Death Among Older Adults in North Carolina." Among the outside speakers sponsored by the DEAR program are Peter Diamond, recent president of the American Economic Association, speaking on Social Security reform.

Behavior of Banks in an Uncertain Environment



I am happy to respond to Al Field's request regarding research because it gives me the chance to tell you about the work of some former students.

One area of long standing interest for me has been the behavior of central banks in an uncertain environment. In recent years Alfred Guender and I have done research in this area. Our joint work started during a visit of mine to his home at the University of Canterbury in New Zealand. That work resulted in a paper on optimal monetary policy in small open economies which was published in the *Review of International Economics* in 2000. We are expanding this research into a book on the subject. Alfred has

come back to visit in the Department and I made a second visit to Canterbury as an Erskine Fellow this past spring.

Hakan Berument and I have also been doing joint research on a number on empirical questions in the monetary policy area. Hakan is at Bilkent University in Ankara, Turkey. During his visit here for the 2002-2003 academic year we completed a paper, "Monetary Policy and Long-Term U.S. Nominal Interest Rates." Both he and Alfred have very active research agendas of their own which I try to keep up.

Another area of long term interest to me is that of monetary policy reaction functions. Much of my work in this area has been with Roger Waud, a long time member of our faculty. Our latest paper appeared in the *Journal of Macroeconomics* in 2002. Roger has retired from academia but follows other interests in Alexandria, Virginia.

I notice in writing this that all research I talk about is joint research. I think this may be explained by a quote from the rocket scientist Werner Von Braun who said "Research is what I am doing when I don't know what I'm doing." In such a situation it helps to have company. I do, however, keep on with my macro text which came out this fall in an 8th edition.

Richard Froyen

Theoretical Industrial Organization



Gary Biglaiser is working on an array of problems in theoretical Industrial Organization. One paper is with James Anton of Duke's Business School. The motivation for the paper is to try to explain the following behavior by software firms, such as Microsoft. Many of these firms use business strategies where consumers have the option of buying the latest innovation to a firm's software and also have the option to periodically buy a package that includes all previous innovations. These packages are often referred

to as a "new generation" of the software. One can think of Windows 2000 as an example of a new generation. They model this problem as a durable good monopolist who generates a quality enhancement to their good in each period in an infinite horizon setting, where consumers have private information about their valuations for the products. The fundamental problem is: how does a monopolist price discriminate over time? They find equilibria that mimic many of the practices in the software industry, such as a periodic new generation of the software. In a future paper, they will examine the monopolist's incentive to conduct R&D to generate innovations in a similar setting.

Gary has just completed a paper with Nikos Vettas of the Athens University of Economics and Business. In that paper, they examine a model that is based on a setting such as the airplane manufacturing industry. This industry is dominated by two producers: Boeing and Airbus. The planes are long lasting, durable, and take a great deal of time to complete. In particular, if a producer receives large orders in one period, then this will reduce their capacity to fill orders in the future. When airline companies are deciding on what purchases to make today, they need to take into account the fact that if they and other firms make most of their purchases from one producer today, then they will reduce competition in the future between the two manufacturers, since the producer that they bought from today may not be able to supply as many planes in the future. This will lead to higher future prices. The manufacturers know this and take it into account when setting current and future prices. Gary and Nikos model this behavior as a dynamic game. The most interesting feature of the equilibrium is that airlines prefer to buy planes both for their current short-term needs and for their longer-term needs at the beginning of the decision period. This is because it will induce the stiffest competition between the manufacturers. This is consistent with the practice of airlines placing orders for planes to be delivered soon and with the option of buying planes in the future at the same price.

Gallman Lecture

On October 28, 2004, David Galenson visited the Economics Department to give the 6th annual Robert E. Gallman Memorial Lecture. Galenson, Professor of Economics at the University of Chicago, spoke to an appreciative audience about "Young Geniuses and Old Masters: The Two Life Cycles of Human Creativity." The lecture examined the careers of painters, poets, and novelists to better understand the creative process. The talk was part of a series honoring Robert Gallman, an economic historian on the UNC faculty for over 30 years.



The Robert E. Gallman Graduate Student Fund was established to honor the memory of a man who devoted his life to his discipline as teacher, mentor and research scholar. The fund is used to improve the competitiveness of our graduate program by providing financial support that helps to attract outstanding students. We thank all of those who have generously contributed to this endeavor. If you are contemplating a gift to UNC, we encourage you to consider contributing to the Gallman fund by contacting Brook Alexander, in the Arts and Sciences Foundation, brook.alexander@unc.edu.

Graduate Alumni News

The Department of Economics was pleased to welcome another talented incoming class to the University this fall. At the beginning of August, students began the three-week session of Econ. 210 (Quantitative Methods), also known as Math Boot Camp. Within a few days of returning from a semester in Italy, Professor Mezzetti began teaching the course. Not surprisingly, he provided the incoming class with an excellent introduction to the rigors of graduate school. As in the past, the lounge area on the 4th floor was used for discussions of the many assigned homework problems.

First-year students continue to take core courses in econometrics, macroeconomics and microeconomics. One change in recent years has been the growth in enrollments in the microeconomics and econometrics courses. For years, the finance students from the business school enrolled in the core microeconomics courses. They are now joined by stu-

dents from marketing, accounting, public policy, environmental science, health policy, and a few from Duke. Indeed, our own students are now outnumbered by graduate students from other departments for the first semester course. The growth in enrollments here mirrors changes throughout the country as more disciplines adopt rigorous economic models.

A number of non-economics majors also take our econometrics courses. The department offers a truly outstanding econometrics sequence with Professor van der Klaauw teaching the fall statistics course and Professor Mroz the spring applied econometrics course. Professor Renault, who joined the faculty this fall, and Professor Campo teach the theoretical economet-

rics course for second-year students. Professor Ghysels follows with time series econometrics in the spring semester; Professors Guilkey and van der Klaauw alternate the cross sectional course. As featured elsewhere in the newsletter, Professor Guilkey won a well-deserved graduate teaching award in the spring of 2004.

Faculty often report having seen many of you at professional meetings and have seen your research work in print. If you are in Chapel Hill, please stop by. Also, your fellow classmates and those of us still in Chapel Hill would enjoy reading your news items. You can update us by phone, e-mail (tauchen@unc.edu), web form (<http://www.unc.edu/depts/econ/newsletters/register.htm>), or snail mail.

2004 - 2005 Entering Class

Basak Altan, Middle East Technical University
Frimpomaa Ampaw, Northeastern University
Kathryn Felter, Miami of Ohio
Olesya Fomenko, UNC-Chapel Hill
Georgian Gajewski, Florida State University
Zubeyir Kilinc, Bilkent University
Zongqiang Liao, Kent State University
Peter Malaspina, Vassar College
Steven McMullen, Bethel College
Roxanne Miles, Emory University
Andrew Monroe, UNC-Chapel Hill
Zafar Nazarov, New Mexico State University
Mai Noguchi, Emory University
Jeremy Petranka, VPI
Serban Ranca, Louisiana State University
Rhett Robinson, Clemson University
Sandeep Sarangi, UNC-Chapel Hill
Tatevik Sekhposyan, Ohio University
Yao Song, Northwestern University
Ling Wang, Central Michigan University

2003-2004 Degree Recipients

Ph.D. Recipients

Susan Chen, "The Impact of Disability Insurance on Labor Supply in the 1990s" (Advisor: van der Klaauw)

Ai-Ru (Meg) Cheng, "Essays in Financial Econometrics" (Advisor: Gallant)

Michelle Danis, "Competition in Equity Option Markets" (Advisor: Tauchen)

Andrew Dyke, "Crime and Punishment: Economic Models of Crime and the Criminal Justice System" (Advisor: Tauchen)

Peter Lance, "The Demand for Health Care in Lower Income Nations: Theory, Econometrics, and Empirical Evidence from Indonesia" (Advisor: Akin)

Xin (Alex) Li, "Essays on Identification and Estimation of Treatment Effects in Sample Selection Models" (Advisor: van der Klaauw)

Elena Ielceanu, "Two Essays on Managing Innovation" (Advisor: Biglaiser)

Chung-Ping (Albert) Loh, "Physical Activity and Employment Decisions under Working Hours Inflexibility" (Co-Advisors: Akin and Mroz)

M.S. Recipients

Stephanie Childress (Advisor: Gilleskie)

Scott Hinds (Advisor: Mezzetti)

McDonald Mirabile (Advisor: van der Klaauw)

Sumanta Mukherjee (Advisor: van der Klaauw)

The Carolina Entrep

The University of North Carolina-Chapel Hill has undertaken the Carolina Entrepreneurial Initiative (CEI), seeking to make entrepreneurship part of the weave and fabric of the University. In this context, entrepreneurship is broadly perceived as the transformation of ideas into enterprises that add value (economic, artistic, social, environmental, etc.) and are sustainable. This section focuses on CEI and the role of the Economics Department in the endeavor. It goes without saying, that many of our former majors are leading interesting and productive entrepreneurial lives. At the close of this section, we focus on three who demonstrate several different dimensions of entrepreneurship representative of the goals and ideas of CEI.

Economics Department to Offer Entrepreneurship Minor



Entrepreneurship is a word that has different meanings to different people. At its core is change; change as a result of individual imagination and initiative.

The driving force behind entrepreneurship can be purely commercial; new-for-profit ventures. But, it can also be new social ventures to meet social objectives for the common good. Many of the major changes that have occurred in our economy and society are the result of entrepreneurial activity. However, in either case there is a common process of transforming an idea into a reality.

In December of 2003, the University of North Carolina at Chapel Hill was one of eight universities to receive a grant from the Kauffman foundation to promote entrepreneurship across the campus. CEI is a multifaceted program encompassing many units of the university and a broad range of educational and research activities. The entrepre-

neurial spirit of UNC has already received national attention. An October 22, 2004, article in *Forbes.com* ranked UNC as number one on their list of America's Most Entrepreneurial Colleges. One unique feature of the CEI cited by *Forbes* is that the entrepreneurship programs are centered in the College of Arts and Sciences rather than in the Business School and to involve the whole in a range of activities that runs from high-profile campus speakers to a faculty research seminar focusing on academic research addressing entrepreneurship.

The Economics Department is taking a leading role in the CEI by designing a new minor in Entrepreneurship that will be offered to non-business majors beginning in the fall of 2005. The new minor, directed by Professor John Stewart will allow non-business students to explore the context, core tools, and process of entrepreneurial activity.

Much work and planning have gone into creating the new minor. Working with UNC Entrepreneur-in-Residence, Buck Goldstein, John Stewart has researched programs at other universities and consulted with successful entrepreneurs to design the content and structure of the new program. The new minor is unique in that it is designed to appeal to students with interests in both social and business entrepreneurship. Starting with the historical and social context of entrepreneurship, the minor will then take the students through the process of transforming an idea into to a workable plan, including exposure to entrepreneurs and a summer internship experience. After the introductory course, which will be taught by Goldstein and Stewart, the students will take a course in new venture creation. There will also be a separate track for those interested in social or commercial entrepreneurship. The commercial venture course will be provided by the Kenan-Flagler Business School, and the Department of City and Regional

Planning is taking the lead on the social ventures course. The capstone of the minor will be a summer internship.

The Economics Department is very excited about this new minor and is encouraged by the student interest the program has already received.

Professor John Stewart
Director, Entrepreneurship Minor

University Entrepreneur-in-Residence



A small office on the second floor of Gardner Hall is the new home for Buck Goldstein, University Entrepreneur-in-Residence and newly named Senior Lec-

turer in the Department of Economics. Goldstein, who is a graduate of the College of Arts and Sciences and of the UNC Law School, returned to the University over the summer after a thirty-year career as an entrepreneur. His appointment is part of a University-wide effort to imbue entrepreneurship into the lifeblood of the campus through the CEI, an \$11,000,000, five-year effort funded in part (\$3.5 million) by The Ewing Marion Kauffman Foundation in Kansas City, Missouri. What follows is an interview with Buck Goldstein.

Q. What will you be doing as University Entrepreneur-in-Residence?

A. *I will be acting as a partner with a number of faculty champions as they begin to implement the various initiatives that comprise the CEI. For instance, the Department of Economics will house the new minor in Entrepreneurship and I have been working with Professor John Stewart on the curriculum as well as the syllabus for the Introduction to Entrepreneurship class to be offered next fall. This minor is for non-business students interested in learning the skills necessary to turn an idea into a reality. Many of the approaches we plan to take*

Entrepreneurship Initiative

in that course will be introduced this spring in a First Year Seminar called *The Entrepreneurial Imagination*.

Q. What other projects are you working on?

A. *The Carolina Challenge is a venture plan competition that will take place this spring involving students and faculty. There will be a business track and a social entrepreneurship track and \$25,000 in prize money. The Challenge will galvanize the entire campus and spotlight the best ideas in all departments and schools. I am particularly excited about the Social Entrepreneurship track of the Challenge. We are also lining up a Speaker Series for the spring and next fall.*

Q. Are there others working on CEI?

A. *Actually, there are scores of people participating in the effort in addition to the 14 program champions, including the Deans of the College of Arts and Sciences and the Kenan-Flagler Business School, the Vice Chancellor for Research and Economic Development, the Chairperson of the Faculty and two former Chairpersons. The effort is led by Jack Kasarda, former Chair of the Sociology Department and currently Kenan Distinguished Professor of Management and Director of Kenan-Flagler's Kenan Institute of Private Enterprise.*

Q. What makes the CEI different than other Entrepreneurship Programs?

A. *UNC has a long history of entrepreneurship education and was recently named the number one campus for entrepreneurship in the United States. In the past, most of our efforts were concentrated in the Business School. The CEI complements these efforts by focusing upon the entire University. It also defines entrepreneurship broadly to include social, artistic and educational entrepreneurship as well as traditional commercial entrepreneurship. Virtually all of the initiatives involve both academics and practitioners with the goal of integrating an experiential component into all of the major projects of the CEI. This approach is unique and, if we are successful, we have a chance to make a real impact on the nature of undergraduate education here at Carolina and around the world.*

For additional information on the CEI, go to www.unc.edu/cei or contact Buck Goldstein at buck_goldstein@unc.edu.

Entrepreneurship Minor

Prerequisite: Principles of Economics, Econ 10

Entrepreneurial activity, both social and commercial, takes place within the economic system within which we exist. An appreciation of economic institutions and process is an important part of the knowledge base of entrepreneurs.

1) Introduction to Entrepreneurship, (new course, ECON)

The course will begin with a historical overview of the role and importance of entrepreneurship in the economy and society. It will integrate the substantive material of the course with the Carolina Entrepreneurial Initiative Speaker Series. Students will both attend the Speakers Series and have the opportunity to interact with speakers in classroom sessions structured to reinforce the importance and relevance of particular concepts or practices of successful entrepreneurship. Another central theme in the design of the course is that the required core competencies are common to both business and social entrepreneurship. The course will be co-taught by John Stewart and Buck Goldstein.

2) Social Venture Creation, (new course, DCRP) or Business Venture Creation (new course, BUSI)

A unique feature of the minor is that it will be applicable to both students interested in business entrepreneurship as well as those with an interest in social entrepreneurship. After completing the introductory course, students will choose to pursue either a business or social track. These courses will cover the concepts and tools that are particularly relevant to the two different types of ventures. These courses will concentrate on the specific issues in launching ventures in either the business or social realm. The primary objective of both courses will be to get the students through the process of creating a business plan. These courses will also be closely integrated with the Speaker Series and with the Carolina Challenge.

3) Internship in Entrepreneurship, (new course, ECON)

Direct experience in the process of entrepreneurship will be a key part of the minor. Supervised internship experiences will be provided for all minors. Different internship experiences will be made available for students in the commercial and social entrepreneurship tracks. The internship experience will generally take place in the summer after completing the introduction and venture creation courses.

4) One elective from a list of approved courses

BUSI 71 Financial Accounting
STAT 22 Decision Models for Business
SOCI 31 Social Relations in the Workplace
SOCI 110 Formal Organizations and Bureaucracy
SOCI 112 Social Stratification
SOCI 115 Economy and Society
SOCI 127 The Labor Force
COMM 25 Introduction to Organizational Communication
PHIL39 Morality and Business
ECON 135 Economic History of the United States
HIST 64 History of American Business
HIST 161 Technology and American Culture.
PLCY 67 Ethical Basis of Public Policy Decision Making
JOMC 130 Principles of Public Relations
JOMC 170 Principles of Advertising
JOMC 175 Concepts of Marketing

The Carolina Entrepreneurial Spirit

Joseph R. "Pitt" Hyde III

Pitt Hyde (Econ '65) is a nationally-known entrepreneur and philanthropist whose leadership has transformed his hometown of Memphis, Tennessee. With a life that is equal parts business acumen and strategic philanthropy, he continues to be a force for economic, civic and cultural progress.



Mr. Hyde worked for the wholesale food company founded in 1907 by his grandfather, expanding Malone & Hyde, Inc., specialty retailing division into drug stores, sporting goods stores, supermarkets, and auto parts stores. Under his leadership, the company became the third largest U.S. wholesale food distributor. In 1972 he was elected Chairman and, for 10 years, was the youngest CEO on the New York Stock Exchange.

As founder of AutoZone as part of

Malone & Hyde in 1979, Mr. Hyde guided its growth to become the largest company in the auto parts industry, with more than 3,200 retail outlets nationwide. Mr. Hyde is owner and President of investment company Pittco Holdings Inc., and Chairman of Memphis Bioworks Foundation, which is leveraging Mem-

phis' assets to develop its unique niche in the biotechnology industry.

Through The Hyde Family Foundations, Mr. Hyde leverages his philosophy of strategic giving to inspire major initiatives and innovative thinking, including two first-class museums in Memphis and the Annual Freedom Awards ceremony to honor national and international human rights leaders, from Nelson Mandela to Lech Walesa, Harry Belafonte to Sidney Poitier, and Colin Powell to Jimmy Carter.

Steve Jones

Morehead Scholar Steve Jones (Econ '74) became Dean of The University of North Carolina at Chapel Hill's Kenan-Flagler Business School in 2003 following a 30-year career in business, including 15 years overseas.

An Elkin, NC, native, UNC graduate and Harvard MBA, Mr. Jones is widely known for helping companies develop strategy, lead change and build organizational capability, often in challenging circumstances.



Prior to becoming Dean, Jones was CEO of Suncorp Metway Ltd., based in Brisbane, Queensland. Suncorp is one of Australia's top 25 companies and its sixth-largest bank, second-largest general insurer and 18th- largest funds manager. Its LJ Hooker subsidiary is the largest real estate agency franchiser in Australia, with 600 offices.

Prior to Suncorp, Jones was managing Director and CEO of ANZ-New Zealand, one of the country's four main banks. He served six years as a management consultant for McKinsey & Co., where he helped clients in construction materials, chain drug stores, alcoholic beverages, electricity, textiles and banking develop growth strategies and improve operations.

Jill Olsen

Morehead Scholar Jill Olsen (Econ '93), a small-town girl from Goldsboro, first visited New York City as a summer intern for Merrill Lynch.

After graduation, she returned to Wall Street where she served as analyst for Tiger Management investment firm, an associate economist for Goldman Sachs & Co and finally as Associate Director at Tiger, responsible for analyzing currencies and bonds in developed countries.

A decade later, Ms. Olsen uses her knowledge of economics, passion for philanthropy and entrepreneurial skills to help talented NYC students from disadvantaged backgrounds achieve their potential and succeed.

She serves as a trustee of the Tiger Foundation, Tiger Management's foundation that helps nonprofits working to break the cycle of poverty in NYC. She also serves on the board and volunteer economics teacher with Teak Fellowship, an NYC nonprofit that helps gifted students from economically disadvantaged backgrounds enter and succeed at top high schools.



A Former Teak Fellow with Jill (right)

Life After Carolina

Keith Bradsher

Since he graduated from UNC in 1986 with his AB degree in economics and history, Keith Bradsher has parlayed an early interest in economics to a journalistic career that has taken him from New York, to Washington, DC, Detroit and now Hong Kong. Along the way he has reported on the telecommunications industry, international economics, domestic economic policy and the automobile industry. His stay in Detroit resulted in a book that has been hailed by a number of critics as the most important book on automotive safety since Ralph Nader's *Unsafe at Any Speed*.

Keith's current residence in Hong Kong as the New York Times bureau chief brings him full-circle back to the place where he first developed an interest in economics. Living there with his foreign correspondent father and family during the years 1970-75, Keith remembers noticing the rapidly rising gasoline prices that accompanied the Arab oil embargo of 1973. His mother gave him a copy of *Newsweek* that explained the Arab-Israeli war and its economic aftermath, and Keith reports that he "began reading news magazines every single week without exception from fifth grade on." In the seventh or eighth grade he switched to *The Economist* thereby solidifying a continuing interest in economics and foreign affairs.

Returning to the United States, Keith lived in suburban Virginia and attended St. Albans School in Washington, DC where he wrote for the high school newspaper. His senior year at St. Albans brought an admission offer from Yale and a Morehead Scholarship nomination to UNC. "I thought going to Yale would feel like more years of the same kind of study I had been doing at St. Albans, with much less interesting summers than the Morehead offered at UNC."

Keith double-majored in economics and history at UNC and, while never taking a course at UNC's School of Journalism, scratched his journalism itch by "put[ting] in a lot of time at the *Daily Tar Heel*, which I loved." He spent his junior year at the University of Seville in Spain using his Christmas break to hitchhike "alone across the Sahara desert from oasis to oasis with a succession of Arab truckers." The following summer he did an internship with a business magazine in London, *International Management*.

For his senior honors economics project, Keith chose to write on Marshal Vauban (1633-1707) of France, the foremost military engineer of his age and a prolific writer

on such diverse topics as forestry, pig breeding, monetary policy, colonization, and tax policy. While beginning as a reasonably orthodox mercantilist, Vauban eventually became distressed at the inequalities of taxation borne by the French lower classes and proposed the elimination of all taxes and the substitution of a single flat tax of 10 percent on all land and trade, with no exemptions. This proposal earned the displeasure of King Louis XIV, to whom Vauban had been a trusted advisor, but it did mark him as one of the influences on later Enlightenment economists including the Physiocrats. The honors thesis was so interesting and so elegantly written that the Department submitted it to a campus-wide competition. Failure to win that competition did not stop Keith from graduating in 1986 with distinction and highest honors in economics.

Before entering Princeton's Woodrow Wilson School in the fall of 1986, Keith spent the summer as a freelance journalist in Mexico and Nicaragua, "...calling up and selling stories to the Miami Herald and the Wall Street Journal. I wrote the stories by renting a stool and a manual typewriter in the Plaza of Scribes, the place in Mexico City where people have been going for centuries to find writers!"

Keith entered Princeton thinking that he was headed for a career in the foreign service. While he eventually received the Masters in Public Policy with a concentration in economics, his career path changed forever when he received a summer internship at the Los Angeles Times after his first year at Princeton. The internship eventually extended to fourteen months after which, "I was hooked on journalism for life."

"I was lucky to have specialized in economics, as big newspapers were all hiring young business reporters in the late 1980s as demand for business reporting soared. I've always been glad that the New York Times hired me without realizing that I was the son of a former journalist — I mailed in my résumé with a cover letter to complete strangers, got invited in for interviews and was eventually hired by the head editor of the entire business section. The business editor, like me, had grown up mainly in Virginia, then went to college in North Carolina (he went to Duke) and then did a masters at Princeton. If I had not gone to Chapel Hill, he never would have noticed the eerie parallels in our lives on my résumé and never would have called me in for an interview. As it is, we have spent the last fifteen years discussing ACC basketball, in person while I was in New York and then by e-mail through my tours in Washington, Detroit and Hong Kong."

Keith spent the years 1989-95 first covering the telecommunications industry and then moving to Washington, DC where he was a national correspondent covering international

economics, and, eventually, domestic economic policy, especially the Federal Reserve. In January, 1996 he moved to Detroit where he became the Times bureau chief with an emphasis on reporting on the automobile industry. "For a little over a year after The New York Times assigned me to be the paper's Detroit bureau chief, I was as enthusiastic as every auto writer about the boom times that SUVs had brought to the auto industry. Then my editor asked me what happened when SUVs hit cars. It turned out that the stiff, high-riding underbodies designed for optimal off-road driving performance had made SUVs three times as likely as cars to kill the occupants of the vehicles they hit. I have been investigating SUV problems ever since."

A series of articles on SUVs and their problems led to Keith's receiving the 1997 George Polk Award for national reporting and his being a finalist for a Pulitzer Prize. Extending his reporting on SUVs, Keith published *High and Mighty: SUVs—The World's Most Dangerous Vehicles and How They Got That Way* in 2002. The book won the New York Public Library's Helen Bernstein Award and landed Keith on the "Today" show as well as CNBC several times and NPR. This year, an updated paperback edition was published. "Auto executives have credited me with persuading them to change the design of SUVs to make them less deadly to other motorists. After a series of stories that I wrote about the dangers posed when SUVs override the bumpers and door sills of cars during collisions, Ford added steel bars below and behind the bumpers of Ford Excursions to act like cow catchers. Ford engineers nicknamed them 'Bradsher bars.'"

In Hong Kong as Times bureau chief since April, 2002, Keith continues to report on a variety of business and economics stories as well as stories of more general interest. "For the business section, I cover business and economic news from Pakistan to Taiwan to New Zealand. I've particularly written about the Chinese economy, and its slowdown has been my biggest story this year. I basically have most of Asia except for Japan and the Koreans. For general foreign news, I cover political developments only in Hong Kong and Taiwan. In addition, I've developed an odd specialty for the science section in covering frightening diseases emerging in Asia. I wrote dozens of stories about SARS, my biggest story last year, and I've been writing about bird flu this year."

Although he's not been back to Chapel Hill since 1991, Keith credits UNC, and especially the Morehead Scholarship, with giving him a crucial boost into journalism. As for the economics major, Keith's experience illustrates yet another way that economics can lead to a rewarding and fascinating career.

Boone Turchi



Undergraduate Majors

Preparing for Spring 05

As we approach the spring semester let me remind graduating seniors to check with an Arts and Sciences academic advisor to verify you have met all College requirements for graduation and to complete required permits and paperwork prior to receiving your degree. You can make a first pass by going to "Degree Audit" at Student Central on the UNC-CH website. If you have questions about meeting your economics major requirements, stop by the office. Please remember that you must have at least one "advanced" economics course to complete degree requirements. The advanced courses being offered this spring are Econ 162, 170 and 185. For those of you in the Senior Honors Program, Econ 98 and 99 count as advanced courses; however, participants must have eight economics courses to complete the major. We will send invitation letters to rising seniors whose academic records qualify them for 2005-06 participation. To learn more about the honors program, contact the Director of Undergraduate Studies. If you are contemplating graduate work in economics, it is important to obtain a strong undergraduate background in mathematics. To learn more about math courses which are of critical importance, stop by the Economics Office. Finally, I encourage you to actively participate in the activities of the Economics Club. It is a great way to get to know fellow-travelers in economics and engage in economic issues outside of the classroom.

Undergraduate Research Fund

Funds are available through the Herbert B. Mayo Undergraduate Research Fund for data collection, travel, software, etc. This fall, Alexandra Samet was awarded funds to help cover costs related to data collection for her honors thesis. Funds are available to support undergraduate internships to work with faculty. If you are interested, contact Professor Al Field, afield@email.unc.edu.

The Mayo Fund is an excellent example of how outside funding contributes to the teaching, learning, and research experience of our majors. The Department and student recipients express our appreciation to Dr. Mayo for his continuing support. If you are interested in supporting the Department, contact our Chair, John Akin or Brook Alexander in the Arts and Sciences Fdn., brook.alexander@unc.edu.

Carolina Economics Club

Participation at Carolina Economics Club meetings during the past three years continues to outpace the stock market, with more than 1,100 members of the UNC community attending Club functions during 2004. One Club goal is to provide a forum to discuss a wide array of economic issues, ranging from the economics of everyday life to hot topics and current events.

Other formal meetings in 2004 addressed such issues as: (1) "Bootstrap Banking" [micro-loans to small-scale entrepreneurs in less-developed-countries], (2) "The Economics of True Love", (3) "America's Holy War" [the record and prospects of the 'War on Drugs'], (4) "A Debate on Economic Policies," [a panel of UNC graduate students discussed the economics of Republican and Democrat proposals], and (5) Graduate Programs for Economics Majors.

Co-presidents James Lee and Ben Hill (2003-2004) were succeeded for 2004-2005 by Angelica Mathews and Lekith Lokesh in a relatively tame election. Please contact us if you would consider being a panel member to discuss "What alumni have learned about careers for economics majors after finishing UNC."

Future events for the Club will be posted at <http://www.unc.edu/student/orgs/econclub/>. Whenever you're going to be on campus, check our schedule and think about attending one of our future scheduled events, which will include such presentations as "The Economics of AIDS" [on World AIDS day], "Career Opportunities for Economics Majors," "The Economics of the Family," "Twin Deficits: The Federal Budget, the Balance of Trade, and the Future of the Dollar," and "Models of Job Search and the Quest for a Soul Mate."



Princeton University economist and *New York Times* op-ed columnist **Paul Krugman** delivered the Club's annual "Distinguished Lecture" in April.



An overflow crowd heard Professor Krugman's thoughts on economic policies from the 1980s to the present, the state of international relations, and the economic policies proposed by President Bush and Senator Kerry. Krugman, the controversial author of 18 books and hundreds of articles, is widely expected to win a Nobel-prize in the near future because of pathbreaking work in international trade theory.

Undergraduate Awards

This past year, 207 students received degrees in Economics. We currently have more than 600 declared first and second majors. In 2004, ten of our majors were initiated into Phi Beta Kappa, a reflection of the continuing high quality of our students. New members include Scott Brittain, Lewis Foster, III, Alexa Kleysteuber, Melissa Lassiter, Elizabeth Makrides, Rachel Norton, Peter Richmond, Joel Segel, Joshua Simmons, and Zephyr Taylor. In addition, a large number of our majors were inducted into the Economics honorary, Omicron Delta Epsilon. In addition, two graduating seniors received special Department recognition. **Kasey Maggard** won the Undergraduate Prize in Economics, awarded annually to the top economics major. **Douglas Sue** received the Undergraduate Honors Prize in Economics for the top honors thesis. Doug also received the Johnson Foundation Award for best undergraduate economics thesis in North Carolina, May 2004.

Omicron Delta Epsilon

President Katherine Theyson and Vice-President Hamilton Fout led ODE this past year. The annual induction for new members was held on April 20, 2004. Fewer than 10% of our junior-senior economics majors, along with 10 graduate students, were invited into membership. The new student inductees included James Bruzzinni, Kavita Aildasani, Ashley Batten, Meredith Britt, Liang Ding, William Grider, R. Benjamin Hill, Matthew Hurst, Catherine Joo, Alan Keese, Alexa Kleysteuber, Gregory Knudsen, Bidisha Lahiri, Sumanta Mukherjee, Vinh Nguyen, Nilufer Ozdemir, Kristin Pappas, Judy Pham, Andrew Pike, Justin Rao, Valerie Rawlston, Sahminan Sahminan, Joel Segel, Nicholas Stefanski, Ekaterina Tsibarova, Yaraslau Zayats, and Yun Zhang.

Professor Ralph Byrns was chosen to receive the Outstanding Economics Professor award. He was honored for the many contributions he has made to the Department and University since his appointment in 2001. Byrns has worked actively with undergraduate majors both in and out of the classroom, and was selected by undergraduate students to receive the Economics Department Excellence in Undergraduate Teaching Award in 2002. He can be found daily on the steps outside Gardner discussing various academic and policy issues with many students. In addition, he has effectively served as Faculty Advisor to the Economics Club, directed numerous honors theses and been a mentor to countless students.

2004 Senior Honors Theses

Nine of our most outstanding economics majors successfully completed the Senior Honors Program in 2004. The Program consists of participating in two seminars in economics, Econ 98 and 99, completing an honors thesis under the close supervision of a faculty member, and passing an oral defense of the research. This year the program was

directed by Professor Stanley Black. Five of the participants graduated with "Highest Honors," and four received "Honors." The Department's Undergraduate Honors Prize in Economics was presented to Douglas Sue, who worked under the supervision of Professor Ralph Byrns. The Class of 2004 participants are:

Highest Honors Graduates

Robert Benjamin Hill, Jr. (Highest Honors), "The College Decision? Tracking the Returns to Education for Men and Women During the Expansion and Recession of the Last Decade"

Mary Laura Johnson (Highest Honors), "The Influence of Income on Adolescent Health Outcomes: Differentiating Between Generations of Residence in the U.S."

Kasey Q. Maggard (Highest Honors), "The Role of Social Capital in the Remittance Decisions of Mexican Migrants"

Douglas R. Sue (Highest Honors), "Cognitive Anomalies and the Assumption of Economic Rationality: An Empirical Investigation of UNC Students"

Jennifer Wade (Highest Honors), "Pricing and Advertising Strategies and Their Effect on Consumer Decisions"

Honors Graduates

Leia Kelly (Honors), "Forecasting Optimal Monetary Policy in Europe Following the 2004 Eastern European Expansion"

Melissa Lassiter (Honors), "Household Bargaining and Child Labor in Nepal"

Robert W. May (Honors), "An Empirical Study of Factors Influencing Federal Antitrust Cases"

Peter Jeffrey Richmond (Honors), "An Examination of the European Union's Regional Policy in Spain: Is It Necessary, Has It Worked, and Should It Be Coordinated with Agricultural Policy?"

Economist in Training

I graduated last May with a double major in Spanish and Economics. I completed an honors thesis in the Economics Department entitled "The Role of Social Capital in the Remittance Decisions of Mexican Migrants." Through a UNC Economics Department alumnus I found out that the Federal Reserve Bank of Atlanta was holding a conference on my thesis topic, remittances. Since I would not be starting my full time job with the Atlanta office of The Boston Consulting Group until the fall, I pursued an internship with the Atlanta FED. I was offered an internship with the Latin American Research Group for eight weeks this summer.



While at the FED, I had the opportunity to continue to expand and share my knowledge about remittances by giving a presentation on remittances to the Atlanta branch staff. I was also given the opportunity to write an article for a FED publication on the topic of banks and the growing remittance market. It was really exciting to have my work published in a magazine, now available under "Publications" at <http://www.frbatlanta.org>. I spent the majority of my time during the internship continuing my thesis work. Using a newly released updated data set, I expanded the scope of my thesis and delved deeper into specific topics.

I also had other responsibilities such as collecting data for the economists and followed the economic events of the Central American and Caribbean countries to write country reports for an internal publication. It was very interesting to sit in on meetings of economists where they discussed interest rate policy.

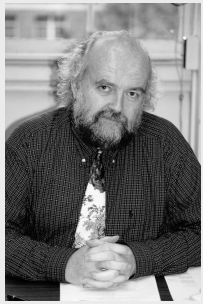
By interning at the FED, I was able to view a different option for economists besides a professorship. It also provided me opportunities to apply the knowledge that I gained from four years of economics classes. Overall my internship with the Latin American Research Group at the FED was a great experience.

Kasey Maggard

Faculty and

Latané Professor

Eric Renault is the newly appointed Henry A. Latané Distinguished Professor of Economics.



Professor Renault received his Masters in Economics and Statistics from ENSAE, Paris, and his PhD in Applied Mathematics for Social Sciences from Paris University Dauphine. He previously held the Canada Research Chair in Financial Econometrics at the University of Montreal and is a fellow of the Econometric Society.

Professor Renault is widely known for his research in econometrics, with a particular focus on financial econometrics. His work has appeared in a number of journals, including the *Journal of Econometrics*, the *Journal of the Royal Statistical Society*, *Econometric Theory*, *Econometrica*, and *Mathematical Finance*. He is founding co-editor of the *Journal of Financial Econometrics* and an associate editor of several econometrics journals including *Econometrica* and the *Journal of Econometrics*.

Professor Renault joined our Department effective July 1, 2004. In the fall of 2004 Professor Renault taught an advanced graduate econometrics course and will teach a course in continuous-time finance in spring 2005.

Professor **Michael Salemi** will be appointed as a UNC Bowman and Gordon Gray Distinguished Term Professor, effective July 1, 2005.

Professor **John Stewart** was named Director of the Minor in Entrepreneurship in the Department of Economics. Professor **John Akin** was named a Champion of the entrepreneurship minor in the Carolina Entrepreneurship Initiative (CEI). **Buck Goldstein**, newly appointed University Entrepreneur in Residence, will work to implement various CEI initiatives and was appointed Senior Lecturer in the Department.

Professor **Paul Rhode** was named a UNC-CH Faculty Partner. Rhode was matched with Scott Custer's gift to the Faculty Partners Fund. As a Faculty Partner, he will receive financial support for research, conference participation, and research publications.

Professor **Koleman Strumpf's** research on the economics of gambling and illegal downloading of popular music from the internet was featured in a recent article in the UNC-CH *Endeavors* magazine. In addition, Strumpf's work with Professor **Paul Rhode** on the history of gambling on US presidential elections was recently reported on CNN and cited in the *Wall Street Journal* and the *Economist* magazine.

Professor **Geoffrey Brennan** was selected as the first Keohane Distinguished Visiting Professorship at UNC (Department of Philosophy) and Duke, and appointed Adjunct Professor in the Department of Economics at UNC-CH. Brennan is an economics professor in the Social and Political Theory Group in the Research School of Social Sciences at Australian National University in Canberra. He is well-known for his work in public finance, public choice theory, welfare economics and economic philosophy. He will be teaching and working with faculty on both the UNC and Duke campuses to develop a

cross-campus Program in Philosophy, Politics and Economics. He is the editor of *Economics and Philosophy*, serves on the boards of several other scholarly journals, and is a member of the Australian Academy of Social Sciences.

Dennis R. Appleyard, James B. Duke Professor of International Studies and Economics at Davidson College and Professor Emeritus at UNC-CH, received the Thomas Jefferson Award at the annual fall Davidson College awards convocation. The award recognizes a faculty member who by personal influence, teaching, writing, and scholarship promotes the high ideals of Thomas Jefferson.

Faculty Leaves

Professors **Richard Froyen**, **Tom Mroz**, **Steven Rosefield**, and **Koleman Strumpf** received one-semester research-and-study leaves during the 2003 -2004 academic year. Froyen spent time doing collaborative research at the University of Canterbury in New Zealand; Mroz spent the year as a visiting scholar at Yale; Rosefield spent several months working with colleagues in Moscow; and Strumpf spent time as a visiting scholar at the CATO Institute in Washington, D.C.

Professor **David Blau** was awarded a W.R. Kenan, Jr., leave. He spent the year as a visiting scholar at the Institut National de la Statistique et des Etudes Economique in Paris, France.

Professor **Claudio Mezzetti** was awarded a W.N. Reynolds leave. He was a visiting scholar at the European University Institute in Florence, Italy.

Professors **Patrick Conway**, **Paul Rhode**, **Sandra Campo**, **Donna Gilleskie**, and **John Stewart** will each receive a one-semester research-and-study leave during the 2004-2005 academic year.

Staff News

Retired Economics Professor Graduates from Law School

After teaching an estimated 10,000 students and serving as Director of Undergraduate Studies in Economics, **James Wilde** graduated from the UNC Law School May 2004.



The following was published at http://abclocal.go.com/wtvd/news/050904_APlocal_eldergrad.html on 5/09/04.

66-year-old to Graduate from UNC Chapel Hill Law School

By The Associated Press

For Jim Wilde, Sunday's cap-and-gown ceremony at UNC-Chapel Hill Law School won't be the defining academic moment of his life.

The 66-year-old public finance expert and former economics professor already has a doctorate from Princeton. The oldest in his class of law students, Wilde didn't fight the good fight for the best internships, didn't push to manage the law review and didn't work to graduate the top in his class. His goal? Graduating within the five years that the American Bar Association requires so that he can embark on a new career at a time when many of his contemporaries are plotting retirement.

"I feel very good about what has happened," Wilde said. "I feel very fortunate that the Law School was willing to give me a chance. I feel fortunate that the Law School has enough diversity interest to think of age diversity, too." Beginning in 1999, through a phased-retirement plan at the University of North Carolina at Chapel Hill, Wilde alternated a semester of law school with a semester of teaching economics for four

years. Last year, after 38 years on the faculty, he gave up teaching to commit to his law studies full time and graduate on time.

Wilde hopes to practice elder law — a skyrocketing profession — out of his home. After watching his mother and

other elder peers struggle with the tribulations of finances, insurance and other vexing legal matters, he decided he wanted to help. Wilde wants to focus on estate planning, reverse mortgages and the realities of giving up independent living.

Awesome Instruction!

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

University Distinguished Teaching Award



Professor **David Guilkey** received a 2004 Distinguished Teaching Award for Post-Baccalaureate Instruction. He and other recipients of University teaching awards were recognized on Sunday, February 15, 2004, during the half-time ceremony at the UNC-Maryland men's basketball game in the Dean E. Smith Center, a fitting locale for David, who can always be found in the stands at home games.

Departmental Teaching Awards

As in the past, voting processes organized and carried out by the Undergraduate Economics Club and the Economics Graduate Student Association led to the selection of the Department teaching award winners.



Professor **Ralph Byrns** won the Department of Economics Excellence in Undergraduate Teaching Award.

Katherine Theyson received the Department of Economics Best Teaching Assistant Award.



Professor **David Guilkey** received the Department's Jae-Yeong Song and Chunuk Park Award for Graduate Teaching.



Arnie Aldridge won the Vijay Bhagavan Award for the best Econ 10 teaching assistant.

Alumni News

My thanks again to those of you who took the time to get in touch with us and bring us up to date on what has happened in your life since leaving Carolina. Hearing about all the interesting things you are engaged in both in your professional life and communities is truly one of the enjoyable aspects of editing the annual Newsletter. Please note that this edition contains information from both our undergraduate and graduate alums. I hope you will enjoy catching up with some of your former classmates. The number of communications we have received from you has slowed down a bit this year so I encourage all of you to take a moment and update us by phone, or email afield@email.unc.edu or tauchen@email.unc.edu, or web form <http://www.unc.edu/depts/econ/newsletters/register.htm>. Of course, we always like seeing you in person, so if you find yourself in Chapel Hill please stop by the Department to say hello.

Undergraduate Alumni News

Brett Southworth (2001) writes that he is now working at Merrill Lynch in their Public Finance Health Care Department in New York City. He notes that working on Wall Street is very different than the Peace Corps work he did in the Islamic Republic of Mauritania immediately after graduating from Carolina.

Chris Weber (1984) is living in Seattle, Washington, where he teaches in the Department of Economics and Finance at Seattle University. He was recently promoted to Full Professor and appointed The Robert D. O'Brien Chair in the Albers School of Business and Economics.

Melodie Potts (2002) just completed a two-year stint with the Boston Consulting Group in Atlanta and is on the way to do graduate work in public policy at the Kennedy School of Government via a one-year detour in Australia. This year Melodie is serving as the Think Tank Coordinator for the newly-formed Cape York Institute for Policy and Leadership on Cape York Peninsula. She will be working on Aboriginal policy, development and reform agendas.

A recent migrant to the Big Apple is **Kristin Wilson** (2002). After working two years in the Brookings Institute in Washington, D.C., Kristin recently moved

to New York where she is working for the Federal Reserve Bank.

After a nine month hiatus, one of our recent graduates, **Lara Whittaker** (2003), is enjoying being back in school doing graduate work in public policy at the College of William and Mary.

Lauren Duquette (2001) lives in the Washington, D.C., area where she works for the Economic Research Service of the USDA.

Robin Anderson (2002) is currently pursuing a Ph.D. in Economics at the University of Washington.

In December 2003, the Board of Directors of American International Group, Inc., elected **Donald P. Kanak** (1975) AIG Vice Chairman and Co-Chief Operating Officer of AIG. He is now based in New York.

Dwight Wells (1998) is currently a stand-up comedian, writer, and actor in New York City and Los Angeles. However, his heart will forever be devoted to post-Soviet economic policy because of Dr. Rosefield. Dwight is grateful to UNC and will make a sizeable donation when he makes it big.

Ann-Marie Martin O'Donnell (1987) is married with three children, Megan (6), Peter (3), and Katie (8 months). Her position with Lowes has enabled her to put her interest in the global market place to great use. She is glad she took international economics with Pat Conway!

Lynn Cathryn Fogarty (2000) is engaged to be married in August 2005. She graduated from UVA Law School in May 2004. She is studying for her Master's degree at the London School of Economics before beginning work in environmental law with a Richmond, Va., firm.

Norman M. Davis, Jr. (1964) received a Masters in Healthcare Administration from Duke in 1969. He worked as a hospital administrator 1969-1990. He operated a family retail business from 1990-1993. Currently he is working as a nursing home administrator.

Jason York (1998) was married to Marjorie Sack on August 30, 2003, at the Carolina Inn. In 2001 he completed a MBA at William and Mary 2001. He earned the rank of Captain in USAF before leaving to join BB&T in 2002. He graduated from the BB&T Management Development Program in 2002 and served as credit analyst until 2003. He was promoted to Banking Officer and Commercial Banker in 2004.

Graduate Alumni News

Since arriving in West Virginia where he is now Director of the Division of Economics and Finance, **William Trumbull** (1985) has been doing research on comparative economic systems. For the last several years, he has been teaching a course on the Economics of Cuba jointly with the faculty at the University of Havana. He has also taught study abroad courses on the Eastern European and Chinese economies. Pictures are available on his web page at <http://www.be.wvu.edu/divecon/econ/trumbull/>.

Bruce Caldwell (1979) is nearby in Greensboro. This year, his book, *Hayek's Challenge: An intellectual Biography of F.A. Hayek*, was published by the University of Chicago press. Bruce has also worked to develop the new PhD program at the University of North Carolina-Greensboro.

After spending 22 years in government positions, **Chris Klein** (1980) has returned to academics and is now at Middle Tennessee State University where he joins **Charlie Baum** (1999). Chris was formerly with the Federal Trade Commission in Washington and the Tennessee Regulatory Authority. Both Chris and Charlie are involved in the new PhD program at MTSU.

Myriam Quispe-Agnoli (1997) and **Curtis Florence** (1997) are now in Atlanta. Myriam is a Research Economist and Policy Advisor with the Federal Reserve Bank of Atlanta and Curtis is on the faculty of the Rollins School of Public Health in Emory.

Dan Kress (1995) left the World Bank to join the Bill and Melinda Gates Foundation in Seattle. He is a program officer with the Global Health Policy and Finance team.

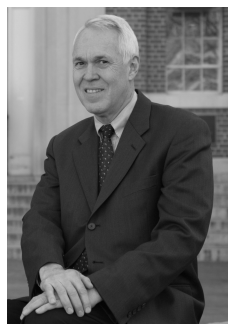
After serving as Chief of Staff to the Minister of Public Works and Transport in Chile, **Rodrigo Pizarro** (1998) entered the private sector and founded an NGO in environmental policy of which he is now Executive Director, www.terram.cl. Also, he is working as a consultant to the Panamanian government developing a system of environmental accounts.

Rupinder Kaur Saggi (2000) and her husband, Kamal, have 20-month-old twins—a daughter, Neha, and son, Kunaal.

Since **Mike Quinn** (2002) joined the faculty at Bentley College, he and Sherry are adjusting to the Boston winters. Last November, Mike took a break from the cold weather for the Southern meetings.

Greetings to Friends and Alumni

A Letter from the Chair



The state's budget woes have continued for yet another year, but in spite of the constraints of limited funds in many areas the Department had a very good year. Much of the credit for the Department's holding its level of excellence through the past several lean state budget years goes to you alumni and friends who have so kindly supported us financially. We have been able to use our sources of non-state money for things as diverse as paying for the 100th Anniversary Celebration a couple of years ago, buying important software for faculty and students, and sending faculty members to professional conferences where they presented important research papers and were able to listen to and discuss the ideas at the forefront of knowledge in their fields. These are just some of the ways we have used your contributions, both large and small, to enhance the Department. We have also been much protected as a "Department of Excellence" by having three Distinguished Professorships funded by gifts from supporters of the Department. These three distinguished professorships provide a base of three exceptionally talented scholars always in the Department, irrespective of the vagaries of state funding.

Three years ago, I mentioned that Bernstein Distinguished Professor, Eric Ghysels, a highly respected financial econometrician, had joined the equally distinguished Dr. Ron Gallant (who held the Latané Distinguished Professorship) in a new field for the UNC Economics Department, Financial Econometrics. The field has developed well and students are starting to reach the dissertation stage. The bad news is that Ron Gallant has now retired and is teaching at Duke, but the good news is we have been able to replace him with Dr. Eric Renault, who also specializes in Financial Econometrics and basic Econometric Theory. Dr Renault now holds the Latané Distinguished Professorship. Repeating from two years ago, in case you missed it, we believe we now offer (in an alliance with the Kenan-Flagler Business School), if not the best, without doubt some of the world's best training in Financial Econometrics. Tell your undergraduate students with an interest in financial statistics to consider us for graduate work!

Our enrollments and number of majors have continued to be very large relative to our faculty size. In the past academic year we did not hire any new faculty except Eric Renault, but we have been given permission by the Dean to hire a new Macroeconomist during the coming recruiting season. We continue to pursue outside funding for additional distinguished professorships in the Department, knowing that state funds cannot be the full answer to our quest for greater excellence. If you are interested in discussing the possibility of a major gift (or a smaller one) please call me at 919-843-9452 or contact Brook Alexander at the Arts and Sciences Foundation at 919-843-0345. I should remind you that any gifts to the University, including those to annual giving or the CAROLINA FIRST CAMPAIGN, can be designated to "The Department of Economics."

There are other events of the past year, such as teaching awards, grants successfully competed for, and placements of students to be proud of, but to lessen the risk of going on too long I will leave most of those positive announcements for other sections of this newsletter. I would, however, like to draw your attention to the fact we are developing a minor in Entrepreneurship within the Economics Department, to start next year with approximately 40 students. You can read more about that program at <http://www.kenaninstitute.unc.edu/centers/cei/?y=home&t=Home>. Buck Goldstein, the University's Entrepreneur-in-Residence has joined the Department as a Senior Lecturer, and will be working with John Stewart on design and implementation of the new minor. His office is in 207 Gardner Hall. The Department is also cooperating with the Philosophy and Political Science Departments at UNC and with Duke University to create a new program in Philosophy, Politics and Economics (P, P and E) to be housed in the Philosophy Department. Dr. Geoffrey Brennan, an economist by training, who works actively on issues that relate to economics, rationality, and political philosophy, will be developing that program. Dr. Brennan will be an Adjunct Professor in the Economics Department.

I will close with what has become my annual plea for financial support from you, readers who care enough about the Department to have reached this point in my greetings note. Even in good budget times state funds alone simply are not sufficient to allow for the level of excellence we desire and believed the state, our alumni, and our students deserve. Even as the state budget has begun to improve, the need for outside financial support cannot be overemphasized. Please give some thought to what the Economics Department has meant to your professional and personal success, as well as to the value of first-rate economics training at UNC for future students, and give to the Department to the extent your financial situation allows. Both faculty and student activities can be improved immensely with even small amounts of flexible funds. At a time in academic history when many universities are attempting to entice faculty from other institutions to replace their own who retire, we must put together the funding to maintain excellence. This requires keeping our best present faculty and attracting outstanding individuals to fill both vacant faculty positions and those of retiring faculty. We are working toward raising sufficient funds to compete financially with the absolute best departments in both salary and other costly inputs.

As I say every year in this space, and mean in all sincerity, you and your accomplishments are an important component of the department's contribution to society. We in the Department try to keep up with you and your lives and careers, but it is difficult not to miss information. Please keep us informed about yourselves and your families.

I hope all of you will feel free to drop in at the Department anytime you are in Chapel Hill. I will try to personally welcome you and make you feel at home. I will also be glad to take you out for a coffee or lunch, so please do stop by.

I hope you all have a good year and that I get to see many of you during the course of the year.

John S. Akin

