



From the Editor

2007

Welcome to the Fall 2007 edition of the Department newsletter. We have just passed through one of the hottest and driest summers on record and are in the midst of a "severe drought." We had a record breaking high of 105 in late August and a seemingly endless period of 90 or above. Things have cooled down a bit finally, but we are still awaiting some good fall rains to help move us out of water restrictions. On the positive side, Carolina blue skies have been the order of the day as the fall semester has gotten off to a good beginning. Carolina football is also off on a new start with Coach Butch Davis and a new coaching staff although playing primarily freshmen and sophomores. There is clearly an era of excitement about football here for a change, and although the win-loss record is not that good as of yet, they did beat Miami and Maryland have been competitive in nearly every game in what has been classified as the 4th toughest schedule in the country. Fan interest and excitement about the maturing Tarheels is clearly on the upswing.

Student interest in economics continues strong and we are currently teaching the largest number of undergraduate students in recent years. In addition, the current number of upper level students declaring economics as a first or second major has grown to 628. Interest in and demand for the new entrepreneurship minor also continue to grow as evidenced by the 100 students that comprise the new fall class. The strong summer internship program that is being developed as part of the minor has stimulated additional program interest and notoriety. It has, however, placed greater

stress on Department resources which have continued to be in short supply. These pressures were intensified this past year with several additional resignations, and, consequently, the Department is now in the midst of a major faculty recruitment drive looking to fill positions at both the senior and junior level. Things are moving along well, however, and several promising candidates for more senior appointments have already visited the Department. The efforts associated with recruiting are, however, placing added burdens on the faculty as they are in addition to their normal teaching and research responsibilities.

In spite of some of the added resource pressures, the Department has had a good year. Graduate applications and acceptances remain strong and last years Ph.D. candidates did well in the job market. Faculty members have continued to be successful in attracting research grants, publishing in high quality journals, actively participating in professional meetings, giving research seminars at other universities and consulting with various state, national and international organizations. The Department and University again benefited from strong financial support from the State legislature, which has been critical in terms of retaining faculty and attracting new faculty. Nonetheless, the importance of the additional funds provided to the Department by our private donors has never been greater. We very much appreciate your support of the Department during this critical time and thank all of you for your contributions to the

Economics fund.

Finally, I would like to thank all of you who have contacted us or stopped by to see us this past year. It is always fun to take a break and catch up with what has happened in your life since leaving "The Hill" and learn of your professional contributions, your various community activities and family experiences. We are always open to a coffee break. Or, given the many construction changes that are going on, we will be happy to give you a guided tour of the evolving Carolina campus. As I have said in the past, I hope that we will have the opportunity to see or hear from many of you again this year and that you will let us know about ways we can improve our academic program to better serve our majors, make us aware of different internship possibilities and introduce us to new experiential learning opportunities. Current information about the Department can always be found on our website, [www.unc.edu/depts/econ](http://www.unc.edu/depts/econ), and I can be reached by phone or email at [afield@email.unc.edu](mailto:afield@email.unc.edu). Best wishes for prosperous and healthy New Year, and, again, please stop by and see us anytime you are in Chapel Hill.



Al Field

# Economics Research at Carolina

Because faculty research is such an important part of Department activity and is critical to our Department mission in a major research university, we think it is important to inform you each year about some of the research our faculty is currently involved in. This year the focus is on two faculty members who have recently joined the Department. New Associate Professor Peter Norman first presents an overview of some of his current research in microtheory and public economics. Then, Professor Edward Norton, a new joint appointment, discusses some of his current research on aging and health economics issues. He has worked on research projects with Professors David Blau and Donna Gillieskie in our Department. Norton's home department is in the School of Public Health.

Peter Norman joined the Department of Economics July 1, 2007, as an Associate Professor. He received his Ph.D. from the University of Pennsylvania in 1997, and has previously been on the faculty at the University of British Columbia in Vancouver and the University of Wisconsin at Madison.

Professor Norman's current research interests lie in the areas of public economics and microeconomic theory. The underlying theme of much of his recent work addresses the question of under what conditions it is beneficial to solve seemingly independent allocation problems jointly. For example, public economics is traditionally divided into



an expenditure side and a taxation side. The theory of public expenditure deals mainly with public goods, externalities and other sources of market failure, and much of the analysis ignores the question of how to raise the revenue needed to fund these activities. On the other side, "optimal taxation", which is an important part of the taxation side of public economics, asks how to redistribute income or raise a given sum of money in the least distortive way. The underlying assumption for

this work is that the ultimate use of the tax revenue is irrelevant to the income generating decision.

In contrast, recent work by Norman shows that the dichotomy between the taxation and expenditure sides can be broken into many simple models with asymmetric information about preferences. An interesting example is an economy where

consumers have preferences over some non-rival good (such as a road network with no congestion) and some standard private good (for example, higher education). If consumer arbitrage can be ruled out, it can

then be shown that it may be beneficial for society to provide the non-rival good and the private good together as a bundle. This is an alternative explanation as to why governments provide private goods. Common rationalizations for the public provision of private goods usually argue that in-kind provision of a private good is motivated from a desire to redistribute income.

The idea that it may be beneficial to bunch together

seemingly independent problems is much more general than the previous example of public provision of private goods. Professor Norman is also currently working on mechanism design problems where the goal is to come up with general procedures to use "barter" in multiple issues as a way to create common ground. This framework may be useful in trying to understand complex real world bargaining over a multitude of issues, such as WTO negotiations.

## RENEW OLD ACQUAINTANCES AT THE AEA MEETINGS

If you are planning to attend the American Economics Association Meetings in New Orleans in January 2008, we hope you will take the opportunity to socialize with us old friends. The Department will host a reception on Saturday, January 8, 2008, in the Cambridge Room of the Hilton New Orleans Riverside, from 6:00 p.m. until 7:30 p.m. We look forward to seeing many of you there.

Edward C. Norton, a professor in the UNC-Chapel Hill Department of Health Policy and Administration in the School of Public Health, recently received a joint appointment in the Department of Economics. He has been at Carolina since 1996, and has taught a graduate course in health economics in the Economics Department for the last two years. In 2003, Edward received the UNC-Chapel Hill Phillip and Ruth Hettleman Prize for Artistic and Scholarly Achievement by Young Faculty, awarded annually to four young faculty members for their outstanding academic achievements.



Norton's primary area of research is long-term care and aging. His dissertation demonstrated that prospective payment improves nursing home quality of care if combined with certain incentives. Interestingly, Medicare now uses a similar form of prospective payment to reimburse nursing homes. He recently returned to this topic, studying whether the Medicare prospective payment system begun in 1998 improved nursing home quality of care. In contrast to an earlier study the results were negative, largely because of sharp reductions in Medicare's level of reimbursement. Norton also analyzed the other major federal policy aimed at improving nursing home quality of care, the Omnibus Budget Reconciliation Act of 1987.

Norton then became interested in how public long-term care insurance affects personal finances. He wrote a series of papers on long-term care insurance, spend-down-to-Medicaid eligibility, savings, trusts, bequests, and transfers of money and time between generations. He started by asking whether the government should provide any long-term care insurance, or leave insurance for the private market. He discovered that many fewer people spend-down to Medicaid eligibility than expected, most likely due to financial transfers within the extended family. This led to the exploration of how people shield assets from Medicaid using trusts, or, for married persons, the Medicare Catastrophic Coverage Act.

Norton recently turned his attention from how public insurance affects personal finances to the connections between family relations and personal finances. His research revealed an important distinction between transfers of money from elderly persons to their adult children while alive and transfers after death (bequests). The data acquired from sifting through local probate court records showed that people nearly always divided their estate equally, even when one child provided the informal care. In contrast, children who provide informal care are much more likely to receive annual transfers of money from their elderly parents than children who ignore their parents, even if all children share the eventual bequest equally. Informal care also reduces home health care use and delays nursing home entry. Thus, the provision of informal care clearly affects family finances and health care expenditures.

For several years Edward worked with Professor David Blau to run the Demography and Economics of Aging Program. One of the research projects he was involved with in this program addressed the broader issue of how demographic changes in longevity affect expenditures at the end of life. Norton found several surprising results. Although average health care expenditures increase with age, expenditures in the last year of life decline with age. Despite the recent focus on Medicare prescription drug insurance, out-of-pocket expenditures on prescription drugs are relatively small for nearly all elderly persons it is long-term care expenditures that burden elderly most. Further, his work suggests that government estimates overstate future health care expenditures by 9 to 15 percent because they ignore future reductions in mortality rates.

Norton's paper with Professor Chunrong Ai (University of Florida) on interaction effects in nonlinear models changed how researchers estimate and interpret econometric models with interaction terms. In a comprehensive survey of leading economics journals from 1980 to 2000, they found 72 journal articles that had used nonlinear models with an interaction term; none had interpreted the results correctly. Ai and Norton go on to explain why most researchers misinterpret interaction terms in nonlinear models, and then present correct formulas for estimating marginal effects and their standard errors. Stata code to compute correct marginal effects and their standard errors for logit and probit models is freely available

# Graduate Program News

## 2006-2007 Ph.D. Recipients

**Omur Celmanbet**, “Two Essays on Sequential Auctions and Research Joint Ventures” (Advisor: Mezzetti)

**Liang Ding**, “Market Structure and Dealer’s Quoting Behavior in the Foreign Exchange Market” (Advisor: Black)

**Mohammad Jahan-Parvar**, “Essays in Financial Economics” (Advisor: Gallant)

**Daver Kahvecioglu**, “Two Essays on Life-Cycle Models” (Advisor: Blau)

**Heather Krull**, “Earnings Disparities: The Role of Internal Promotions and Job Performance Evaluations” (Advisor: Gilleskie)

**Valerie Ann Rawlston Wilson**, “Mind Over a Matter of Money: Two Essays on College Persistence and Graduation Outcomes for Low-Income and African-American Students” (Advisor: van der Klaauw)

**Shingo Takahashi**, “An Essay on Executive Compensation” (Advisor: Mroz)

**Yaraslau Zayats**, “Schooling, Wages and the Role of Unobserved Ability in the Philippines” (Advisor: Mroz)

This fall, we welcomed another entering class to Chapel Hill, and they have completed the usual stint in Math Boot Camp. With Professor Renault in econometrics, Professor Leukhina in macro, and Professor Krishna in micro, the class continues to be challenged this fall. Our students’ hard work throughout their time in the program was readily evident at the Graduate School Award Ceremony this spring. The Graduate School commended students who have received competitive, non-university funding throughout the year, and the Economics Department had the most students recognized. Our alum’s work has also been noted by both the profession and the general public. In particular, we were very pleased to see Frank Warnock’s work on international capital flows and Jonathan Pingle’s work on labor force participation cited recently in the Economist.

One of the primary changes for our graduate students this year has been in their location rather than the academic program. Hanes Hall, which housed graduate student instructors’ offices for over thirty years, is being renovated for the Department of Statistics and Operations Research. The rock walls between Gardner and Hanes have been removed, and Hanes is completely enclosed by a chain link fence. Our graduate students are now on the first and second floors of Phillips Annex, which is the small building just in front of Phillips Hall.

## 2006-2007 Master’s Recipients

Anthony Ciolino

Rex Dwyer

Sara Freeman

Manasigan Kanchanachitra

Taewan Kim

Andrew Monroe

Suja Sundara Rajan

Rhett Robinson

Sandeep Sarangi

Preethika Seshasainam

Marcelo Silva

Yao Song

As with many changes, the move has advantages and disadvantages. Not having classrooms nearby offers more quiet but the building is a little farther from Gardner. The square footage is about the same as in Hanes but the layout differs; Phillips Annex has more relatively small and more relatively large offices than did Hanes.

Life for grad students is not all work, and our Econ Grads flag football team scored a major victory over the Political Science team this fall. Indeed, the mercy rule was evoked to end the game early when we pulled ahead by 20 points. Alas, the same rule was evoked against us in the next game of the tournament.

We hope that you will keep in touch and you may update us by phone (919-966-2383), mail, e-mail <tauchen@unc.edu>, or the web form <<http://www.unc.edu/depts/econ/alumni/feedback.htm>>.

Best for 2008.



*Helen Tauchen*  
*Director of Graduate Studies*

## 2006-2007 Job Placements

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Charles Brayman	Kansas State University
Hamilton Fout	Kansas State University
Mohammad Jahan-Parvar	East Carolina University
Heather Krull	Rand Corporation
Bidisha Lahiri	Oklahoma State University
Chi-Hung Liao	California State University at Chico
Emil Rusev	Acumen, LLC
Yan Shi	Central Michigan University (visiting)
Kellen Stanfield	Depauw University (visiting)
Betty Tao	CNA Corporation
Mark Witte	College of Charleston
Myung-Soo Yie	Bank of Korea
Yun (Sean) Zhang	Capital One

## 2007-2008 Entering Class

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**Justin Brown**, Washington State University  
**Fernando Chague**, Getulio Vargas Foundation  
**Justin Contat**, University of Florida  
**David Fragoso Gonzalez**, Universidad do Minho  
**Fatma Gunay**, Bogazici University.  
**Andrew Mackenzie**, North Carolina State University  
**Keanan Mehra**, University of Massachusetts  
**Racha Moussa**, American University of Beirut  
**Viet Nguyen**, University of Houston  
**Julian Mauricio Perez Amaya**, Universidad de Los Andes  
**Shaila Rajamani**, University of Mumbai  
**Kenneth Reddix**, Stephen F. Austin State University  
**Guansong Wang**, Peking University  
**Benjamin Wang**, SUNY Binghamton  
**Brendan Wedehase**, Guilford College  
**Jianfeng Yao**, Central Michigan University  
**Serkan Yigit**, Hacettepe University  
**Serkan Yüksel**, Bilkent University

# Undergraduate Majors

## News from the Director of Undergraduate Studies



John Stewart  
Director

The Department continues to have no shortage of students. In the 06/07 academic year, 199 students received undergraduate degrees in Economics, and there are currently 628 declared first and second majors in Economics. With our faculty count down as a result of a number of resignations last year, these numbers presented a significant teaching challenge in terms of needed class space.

The Department adapted well to the introduction of the new University curriculum. Though the new numbering system has caused some confusion, it has been minimal and in many ways has made the requirements for the major more transparent. Students are required to complete Econ 400 (Statistics), Econ 410 (Intermediate micro), Econ 420 (Intermediate macro), three electives at the 400 level and one advance course (course number 500 or higher).

The spring semester brings another graduation. Graduating seniors are again reminded to check with your Arts & Sciences academic advisor early in the spring semester to verify that you have met all College requirements and complete the necessary paper work required for graduation. Students can use the on-line "Degree Audit," available at Student Central on the UNC-CH website, to check their progress. If you have questions about meeting your economics major requirements, stop by the office or send us an email (jstewart@email.unc.edu).

### RESEARCH FUND

Undergraduate research funds are available through the Herbert B. Mayo Undergraduate Research Fund through the Arts and Sciences Foundation. These funds are used to support undergraduate research by covering costs of data collection, travel necessary for undergraduate research, computer software, etc. Interested students should contact Prof. John F. Stewart, Director of the Undergraduate Program in Economics, jfstewart@email.unc.edu.

## ECONOMIST IN TRAINING

Since graduating from Carolina in 2005, I have worked at the Federal Reserve Board of Governors as a research assistant in the Monetary and Financial Market Analysis section of the Monetary Affairs Division. My section analyzes macroeconomic and financial issues pertaining to the formulation, implementation, and transmission of monetary policy. Key areas of specialization within the section include the term structure of interest rates, futures and options on Treasury and money market instruments, over-the-counter derivatives, and the federal funds market. My job responsibilities are to assist economists on their research, perform daily production work using fed funds futures and options data, and prepare exhibits for policy work.

I would highly recommend working at the Federal Reserve to anyone considering graduate school in economics. The ability to work straight out of college with world-renowned economists on a number of policy issues is rare in most entry-level job opportunities. Seminars from some of the most highly respected economists, multi-day technical training classes in statistical languages, a collegial atmosphere, and the ability to take undergraduate and graduate mathematics classes free of charge are just a few of the other incentives to start your career off at the Federal Reserve. The undergraduate mathematics and economics coursework taken at Carolina has provided me with an excellent foundation in my pursuit to analyze financial markets both at the Fed and in my future career.



Brian Bunker (05)

## THE ECON CLUB

The Carolina Economics Club's presentations this year have ranged from Environmental Problems [Professor Norman Myers, Oxford University, and one of Time magazine's 2007 "Heroes of the Environment"] to a panel discussion, "Iraq: The Cost of Leaving too Soon vs. the Cost of Staying Too Long," with participants from the Departments of Economics and Political

Science, to Art Benevie's "The Economics of Illegal Drugs," and Ralph Byrns's Annual Valentine's Day lecture on "The Economics of Finding True Love". Club members also enjoyed information sessions about such things as graduate degree programs in economics, public policy, business, and law. And good times were had by all!

To learn about upcoming events and how you can join the Club, visit their web site <http://studentorgs.unc.edu/econclub/>

## LIFE AFTER CAROLINA

Upon graduating in 2005 I went to work for Wachovia, and have enjoyed my work there very much. I switched departments a few years ago and have also recently been promoted. My official job title is "Knowledge and Research Consultant II" and I work in the Customer Analysis, Research, and Targeting department, working primarily to procure and analyze small business deposit relationships with the bank. I do feel as though my Economics background has conditioned me with the type of analytical thinking required to succeed in the banking industry. However, the highlight of my life is my daughter who was born 6/24/07 and is now 3 months old.



Jenny Wade (05)

# Undergraduate Awards

## UNC TEAM WINS

Congratulations to our Federal Reserve Challenge Team on winning the Local Office Competition on November 7, in Charlotte. The team will participate in the District Competition on November 16th in Richmond. Team members include Stefan Allicock, Samuel Brice, James David, and Mackenzie Linyard. The competition included four other universities from the Carolinas (Clemson, Duke, Western Carolina, and Gardner-Webb). The team's 1st place plaque will be displayed in Gardner 107. Each member receives a U.S. savings bond.

## Undergraduate Prize

This past spring, special Department recognition was given to **Ryan Scott Wesslen** who was awarded The Undergraduate Prize in Economics, presented annually to the top graduating Economics major.

## 2006/2007 Phi Beta Kappa

In the 2006-07 academic year, 199 students received undergraduate degrees in Economics. The quality of our students remained high and 15 of our economics majors were conducted into Phi Beta Kappa. The new members included:

**Dane M. Anderson**  
**Richard W. Andrews, II**  
**Michael J. Aull**  
**Kunal J. Choksi**  
**Zachary S. Clayton**  
**Ginger R. Jackson-Gleich**  
**Kian Kamyab**  
**Maile C. Lesica**  
**Benjamin C. Peterson**  
**Daniel B. Reeves**  
**Timothy J. Reilly**  
**Daniel C. Savas, II**  
**Christina M. Smith**  
**David C. Sweigart**  
**Van T. Tran**

## 2007 HONORS STUDENTS

Eleven of our top majors successfully completed the Senior Honors Program this past year. The program consisted of completing two seminar courses (ECON 691 and 692), completing an honors thesis under the direction of a faculty advisor, and passing an oral defense. This past year the honors program was directed by Professor Donna Gilleskie. The Award for Best Honors Thesis was given to **Holly S. Wheeler** who worked under the supervision of Professor Patrick Conway.

### Highest Honors

**Dane Anderson**, "You Can Party Too" A Study of Rational Expectations and the Tendencies of American Voters.  
**Natalie B. Hodges**, "Effects of State TANF Policies on Young Single Women, Fertility, Schooling, and Work."  
**Lauren Kwist**, "Obesity in College may have Future Consequences: A Study of Obesity and Choice of College Major."  
**Javaeria A. Qureshi**, "Child Labor and Credit Constraints: A Gendered Perspective."  
**Ryan S. Wesslen**, "An Endogenous Dynamic General Equilibrium Model of Fertility for England 1881-1931."  
**Holly S. Wheeler**, "An Empirical Model of Frustration in the Palestinian Territories."

### Honors

**Kraivin P. Chintakananda**, "An Analysis of Economic Phenomena and the Raise of Body Mass Index in America."  
**Timothy D. Green**, "The Effects of Free Agency on Player Performance in Major League Baseball."  
**Ralph M. Isenrich**, "US Economic Growth: Military Expenditures as a Determinant"  
**Anna N. Jones**, "Do Undergraduate Characteristics Affect future Alumni Giving Behavior?"  
**Van T. Tran**, "Evolving Market Efficiency and the Systemic Context: An Empirical Investigation of Vietnam Stock Market."

## Omicron Delta Epsilon

ODE was lead this past year by President Kristie Briggs and faculty advisor, Professor John F. Stewart. The annual induction was held on April 16, 2007, and well attended by inductees, family members and friends. Membership is open to outstanding junior and senior Economics majors and Economics graduate students. Only top students were invited into membership, and the inductees included:

**Richard W. Andrews, II**  
**Glenn Butner**  
**Robert A. Butters**  
**Xilong Chen**  
**Kraivin P. Chintakanada**  
**Matthew P. Churinske**  
**Zachary S. Clayton**  
**Ryan W. Coffield**  
**Emily Elliot**  
**Andrew J. Ellis**  
**Katelyn Gallagher**  
**Eric N. Greenberg**

**James J. Harford, IV**  
**Bernard A. Holloway**  
**Ralph M. Isenrich**  
**Matthew G. Jarvis**  
**Kian Kamyab**  
**Robert Kancilia**  
**Jacob D. Lemberg**  
**Charles Littlejohn**  
**Nicholas M. Lopezzo**  
**Rebecca L. Martin**  
**Andrea L. McEvoy**

**William L. McKinney**  
**Jonathan D. McNeil**  
**Ryan E. Moy**  
**Martz Orpiszewska**  
**William C. Pittman**  
**Dustin Rapp**  
**Kendra G. Shelton**  
**Joseph Simkins**  
**Alexander M. Verdone**  
**Andrea S. Young**  
**George P. Zangotsis**

This year, the annual ODE Outstanding Economics Professor Award was presented to Professor Boone Turchi. Prof. Turchi was cited for his key role as mentor and educator to our undergraduate students and majors. He has been the recipient of numerous Department and University undergraduate teaching awards. Turchi was the featured speaker for the induction ceremony and gave a brief talk on the relevance and increasingly important role of understanding the fundamentals of economics in our everyday lives.

# Expanding Global Linkages at Carolina

## UNC/Peking University Health Initiatives

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John Akin, Austin H. Carr Distinguished Professor and Chair of the Department of Economics, traveled to China in December, 2006, with Chancellor James Moeser and a delegation of UNC and Research Triangle representatives to participate in a conference co-sponsored by UNC and Peking University.



The conference, "Harmonious Development and Reaching Health for All," was held Dec. 11-12, 2006, at Peking University, one of China's leading universities. The conference in Beijing was hosted by that university's Guanghai School of Management. The conference signaled the beginning of a long-term partnership between the two universities designated the PKU-Global Health Forum that will include a similar conference in Chapel Hill in October, 2007, focusing on topics related to U.S. health-care.

The Beijing conference provided a forum for scholars to discuss and propose health system reform measures for China. Topics included national primary-care delivery models, pricing policy reform, policy regulations and quality of care. Dr. Akin presided over a Plenary Session titled, "Economic Development and Investing in Health," and was a discussant for another session that focused on Financing Models. One of the featured speakers at the Plenary Session was Dr. Lincoln Chen, Harvard University Professor of International Health



and President of the China Medical Board.

Speakers at the conference included top leaders from the National People's Congress and the Chinese ministries of finance, health and labor, and social security, as well as U.S. scholars, including Dr. Chen and Dr. Teh-wei Hu, professor emeritus at the University of California at Berkeley School of Public Health.

Speaking of the UNC and Peking U. relationship, Dr. James Moeser, Chancellor of UNC at Chapel Hill, stated, "We are excited about the opportunities for enhancing long-standing collaborations through this conference that will help in examining a key issue facing China. Health care is a critically important topic in both our countries, and we expect the results of this conference and our long-term partnership to benefit everyone at a time when globalization is so important to the future of North Carolina's economy."

The Beijing and Peking University visit by the UNC and Research Triangle personnel was preceded by a visit to Chapel Hill by Dr. Min Weifang, executive vice president and chairman of the University Council of Peking University. UNC hosted Min at campus events, and he visited Research Triangle Park as well as Duke and N.C. State universities.

The conference and its possibilities for initiating important U.S. and China cooperation was supported by other North Carolina entities. RTI International was the major conference sponsor, along with Quintiles Transnational Corp. Both are multinational corporations in Research Triangle Park. Other sponsors included the International Society for Pharmacoeconomics and Outcomes Research, several Chinese government offices, and other organizations, including the China Association of Enterprise with Foreign Investment R&D-based Pharmaceutical Association Committee (RDPAC).



Min Weifang and  
Chancellor James Moeser

## Experiential Learning From Carolina to China Through The Entrepreneurship Minor Internships

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Sixty-six liberal arts and sciences students pursued internships from the Research Triangle Park to China this summer to complete their requirement for the minor in entrepreneurship. Interns managed projects, researched new lines of business, and provided marketing and operations support for a wide range of for-profit and nonprofit organizations. Two students worked with ventures started by graduates from the minor.

Nika Kineva, a junior majoring in economics and journalism, interned with Crimson Forest Films in Beijing. "Going to China for an internship seemed out of my comfort zone, so I applied for it," she said. The 50-person company was finishing up a film when she arrived. She edited the English version of the press release and the press kit and cleaned up the English subtitles. She also helped write a proposal for a lifestyle show aimed at urban men, working directly with the executive producer.

"Working in a production company and learning from the executive producer how things are done was great," Kineva said. "I think it showed me more options for my future career. It gave me a taste of what life in the production business would be like."

Maria De Ramos, a senior economics major, said that her internship in the Office of Commercialization at RTI International helped her see the real-world benefit of skills she's learned in class, such as market research and cold-calling.

"Maria has made significant contributions to many projects across different commercialization domains, such as intellectual property, market research, client engagements, project management and competitive analysis," said Abhijat Gupta, De Ramos' supervisor at RTI. "As an organization founded on the spirit of collaboration, RTI is committed to partnering with local universities through projects, research and internship programs. Our experience with Maria De Ramos exemplifies the synergy that RTI and UNC can create when matching creative young talent with leading edge research."

*See Internships page 10*

# Expanding University Linkages

## Adjunct Faculty in the Department of Economics

The Department of Economics lists among its members twelve adjunct faculty that serve the department in various capacities and maintain full appointments within other departments at UNC, Duke, or Peking University in China. Their activities within the department include teaching, serving on dissertation committees, and research collaboration with our full-time faculty. Our adjunct faculty members include James Anton (Duke Fuqua School of Business), Scott Baker (School of Law), Richard Bilsborrow (School of Public Health), Geoffrey Brennan (Department of Philosophy), Peter Coclanis (Department of History), Robert Connolly (Kenan-Flagler Business School), Jennifer Conrad (Kenan-Flagler Business School), Gordon Liu (University of Beijing), Barry Popkin (School of Public Health), Frank Sloan (Department of Economics, Duke University), Sally Stearns (School of Public Health) and Rachel Willis (Department of American Studies). We recently caught up with five of our adjunct colleagues and share more information about them in this edition of "Economics at Carolina."

**James Anton** is a Professor of Economics within Duke's Fuqua School of Business and maintains a secondary appointment in the Dept. of Economics at Duke. He received his Ph.D. in Economics from Stanford University and joined the Fuqua faculty in 1989 after he served on the faculty at SUNY-Stony Brook. Professor Anton served as a Visiting Scholar within our Department during the 1998-1999 academic term and remains active within the department by serving on graduate student dissertation committees and regularly attending the Microeconomic Theory Workshop, co-sponsored by our department, Fuqua School of Business, and Duke's Department of Economics. Professor Anton's research interests are in the area of industrial organization and he is currently collaborating with UNC economist Gary Biglaiser on a research project involving pricing, upgrade goods and market power.



**Scott Baker** is a Professor of Law at UNC and the associate dean for faculty research. Professor Baker joined UNC Law in 2001 after receiving his J.D. from the University of Chicago and his Ph.D. from UNC-Chapel Hill Department of Economics. Professor



Baker has maintained a close relationship with the Department and has served on a variety of dissertation committees, chiefly for students interested in intellectual property and/or law and economics. He continues to work on research with Claudio Mezzetti, his dissertation advisor. Their joint papers have studied the incentives of plaintiffs and defendants when plea bargaining, and when firms will choose to publicly disclose potentially patentable information rather than seek patent protection. His research uses game theory to study legal problems. He regularly attends the Microeconomic Theory Workshop and worked with Gary Biglaiser to secure funding for the workshop from UNC's Odum Institute. Scott enjoys spending time within the Department exchanging ideas on current and future research projects as well as with other members of the economics community.

**Barry Popkin** (Ph.D. Cornell University, Agricultural Economics) is the Carla Smith Chamblee Distinguished Professor of Global Nutrition in the School of Public Health. During the past decade, Professor Popkin's work with the department has concentrated mainly in studies with either David Guilkey or Tom Mroz and looser collaborations with John Akin and David Blau. Professor Popkin's work with Tom Mroz involved a series of studies on the creation of poverty lines and the underlying econometric research for the World Bank and the Russian Federation. They also published a series of papers on income and price shifts and adult health in China in economics and economic development journals. Professor Popkin's work with David Guilkey has involved an ongoing series of longitudinal studies in both the U.S.



and China. These studies include research on residential selectivity and the way it affects economic and adult health; studies on food prices on adult health-related behaviors and health outcomes; and research on complex multiequation modeling of both child and adult health dynamics. In addition, Professor Popkin is involved in a series of studies of taxation policy on diet and adult and child health in Mexico and similar work in China. Professor Popkin has served on the dissertation committees of 5 economics doctoral students over the past decade.

**Sally Stearns** is an Associate Professor in the Department of Health Policy and Administration in UNC's School of Public Health. She has a Ph.D. in Economics from the University of Wisconsin and has been at UNC since 1989. In 2000-2002 she took a two year leave of absence to conduct research with a group of economists at the University of Aberdeen where she was involved in studies used by the National Institute for Clinical Excellence in advising the National Health Service in the United Kingdom. Her primary involvement with our department has been to support our doctoral students with their dissertation research, and she is grateful that members of the economics faculty have served on doctoral committees with the School of Public Health. She has also enjoyed research collaborations with Tom Mroz and Donna Gilleskie. Professor Stearns is broadly interested in issues such as increasing longevity, long term care, health spending at the end of life, and finding better methods for evaluating health service effectiveness. She would love to talk to anyone who has any ideas about a good instrumental variable for identifying the choice between treatments, and choice of patient population for treatment. Finally, Professor Stearns has an ongoing twin study that has been running for 14 years. The sample consists of her two daughters who have provided definitive proof that "it's primary nature, but nurture."



**Rachel Willis**, Bowman and Gordon Gray Associate Professor of American Studies, earned her Ph.D. in Economics from

Northwestern University. The Department of Economics served as her academic home at UNC from 1982 until 1997, at which point she began to teach “resource allocation” with fewer coefficients and graphs and more words and images in the Curriculum in American Studies. A leader in service-learning pedagogy, Professor Willis has been engaged in numerous projects in the North Carolina economy, education, and policy communities. The focus of her research has ranged from education to textiles, transit to immigration, and in recent years, disability access, but always focuses on how to improve access to disadvantaged individuals and communities. Professor Willis



constantly links her research to new courses and University service. She has created and leads a team-taught course on “The Role of the University in American Life” and offers a first year seminar in “Access to Higher Education.” She also offers cross-listed courses for our department on “Women and Economics” and “Access to Work.” She has been a faculty fellow at the Institute for the Arts and Humanities twice and was recently awarded a Kauffman Fellowship.

*Rita Balaban*

**Internships** *continued from pg 8*

“The real-life experience students gain during their internships is invaluable,” says John Stewart, Professor of Economics and Director of the Entrepreneurship Minor.

“We’re gratified that host companies see the benefit from these entrepreneurial students. We see the internship component of the minor in entrepreneurship as a win-win for both companies and students.”

The minor, offered by the Department of Economics, requires students to complete an eight-week, project-based internship as well as develop a case study on some entrepreneurial aspect of the organization. All interns are enrolled in ECON 328, “Internships in Entrepreneurship.” The class provides an opportunity for reflection on lessons learned from the internship experience. Some students’ case studies are selected as teaching cases for future classes.

For more information on the minor and internship opportunities for companies and students, visit [www.unc.edu/cei/minor](http://www.unc.edu/cei/minor).

# Interns in Beijing, China



# Entrepreneurship Minor

The Entrepreneurship Minor entered its third year with a new class of 100 students representing twenty five different majors from across the College of Arts and Sciences.

This year the introductory course, Econ 325 is being co-taught by John Stewart and Buck Goldstein. The large class meets one day a week for lectures and speakers; the second meeting of the week is structured as small discussion groups lead by Stewart, Goldstein and two new additions to our entrepreneurship team.



Lowry Caudill (Ph.D., UNC, Chemistry, 1983), is the retired, worldwide President of Pharmaceutical Development for Cardinal Health. Lowry is the co-founder of Magellan Labs. Founded in 1991, Magellan Laboratories grew to over 600 employees before it was acquired by Cardinal Health. Lowry and his co-founder, Dr. Alfred Childers, were named Entrepreneur of the Year for North and South Carolina by Ernst and Young, The Kauffman Foundation, USA Today, and NASDAQ and were Finalists for the 1998 National Entrepreneur of The Year. Lowry will continue with the team, co-

teaching our Scientific Entrepreneurship workshop (Econ 327) this spring with Joe DeSimone, William R. Kenan, Jr. Distinguished Professor of Chemistry and Chemical Engineering.

Julia Sprunt Grumbles (BA, UNC, 1975) has also joined our Econ 325 team. Julia was one for the first employees at Turner Broadcasting and retired as corporate vice president of human resources, public relations and corporate marketing resources for Turner Broadcasting System, Inc. For the last two years Julia has run our Women Entrepreneurs monthly discussion group and was recently appointed to the Chancellors Search Committee.



This spring the Minor will add its third area Workshop. In addition to the three venture creation workshops we offered last year (Commercial, Social, and Scientific) a new workshop in Arts Entrepreneurship will be offered this year. The workshop will be co-taught by Francesca Talenti and Emile Kang. Francesca is an Associate Professor in the Communication Department and an award winning filmmaker. Emile is the Executive Director of Carolina Performing Arts.

The minor also welcomes Genny King as our new Internship Director. Genny is also a UNC graduate who is now responsible for helping our near one hundred students find internships for the summer and monitoring their progress. Last summer the minor continued its Asia Internship program with 20 of our students doing eight week internships in Beijing, China. We expect to have an equal number there in the summer of 2008. Amon Anderson, who held that position for the first two years of the minor, has moved to a job setting up a micro-finance venture capital operation in Ethiopia for the social entrepreneur operation of Cherokee Partners.



# Faculty and Staff News

## AWESOME INSTRUCTION

We feel that the quality of teaching in the Department continues to be very strong at both the graduate and undergraduate level. As evidence of this, a number of our Department members again received recognition at both the Department and University level.

### University-Wide Teaching Awards

The recipients of the University teaching awards were recognized during halftime of the Carolina-NC State men's basketball game on February 21, 2007. They also were recognized by Chancellor James Moeser at the spring awards banquet.



**Professor Ralph Byrnes** was awarded a Tanner Faculty Award for Excellence in Undergraduate Teaching.

**Mike Aguilar** received a Tanner Teaching Assistants' Award for Excellence in Undergraduate Teaching



### Department Teaching Awards

Department teaching awards were presented to two faculty and three graduate students. The awardees were selected by voting processes carried out by the Undergraduate Economics Club and the Economics Graduate Student Association. The presentations were made at the annual spring Department reception.



**Professor Stephen Lich-Tyler** received the Department of Economics Award for Excellence in Undergraduate Teaching.

**Jason Jones** received the Department of Economics award for the Outstanding Teaching Assistant, awarded to a graduate student teaching their own independent section of a class.



The Vijay Bhagavan Award for the Outstanding Teaching Assistant in ECON 101 was presented to **Denise Whalen**.



The award for the Best Teaching Assistant in a Graduate Level Course was presented to **Mike Aguilar**. The Jae-Yeong Song/Chunuk Park Award of Excellence in Graduate Teaching was awarded to **Tom Mroz**.



## Recent Activity

**Professor Patrick Conway's** appointment as Bowman and Gordon Gray Distinguished Term Professor became effective July 1, 2007.

The Review of Financial Economics 16 (2007) was devoted to a set of papers which were written to honor **Professor Stanley W. Black**. The special issue, "Exchange Rates and International Financial Assets: A Special Issue in Honor of Stanley W. Black," consisted of papers related to a number of Black's important contributions to this area throughout his professional career.

**Professors David Guilkey, Eric Ghysels and Oksana Leukhina** each received a Department one-semester research and study leave during the 2007-08 academic year.

**Professor Michael Salemi** was one of three economics professors in the country selected to receive the "Great

Teacher in Economics" award by the Gus A. Stavros Center for the Advancement of Free Enterprise and Economic Education at Florida State University.

**Professor Stephen Rosefielde** recently published a new book, *The Russian Economy: from Lenin to Putin*, which received a very positive review in the November 2007 issue of "Choice."

**Professor David Guilkey** began to feel a bit weak walking into the office one day this spring, went to the doctor and was diagnosed with heart blockage problems. He underwent open-heart surgery in early April and had a triple bypass. His operation went well and he is now back to his old self after self-imposed rigorous post-operative physical conditioning.

**Professor Ralph Byrnes** was diagnosed with heart blockage problems in November of 2006 and underwent open-heart surgery in early December. His quadruple bypass surgery was successful and he recovered in short order. Not ever to

be slowed down by anything Ralph was back in the classroom by the beginning of Spring semester.

**Professor Paul Rhode** resigned effective December 31, 2006. He was appointed a McClelland Professor in the Department of Economics in the Eller College of Management at the University of Arizona.

**Professor David Blau** resigned effective June 30, 2007. He accepted a position as Professor in the Department of Economics at Ohio State University.

**Professor Sandy Darity** retired from UNC effective June 30, 2007. He accepted an appointment at Duke University as Arts & Sciences Professor of Public Policy Studies and Professor of African and African-American Studies and Economics.

**Professor Tom Mroz** resigned effective June 30, 2007. He accepted an appointment as Professor in the John E. Walker Department of Economics at Clemson University.

# Alumni News

## In Memoriam

We were saddened to hear that **Joe Crews** (Ph.D. '72) passed away on September 8, 2007, at the Lower Cape Fear Hospice and Life Care Center. Joe was a veteran of the U.S. Navy and worked for the IRS for 20 years. Joe remained in close contact with the Department over the years and stopped by to see us on numerous occasions. He was actively involved in assisting the Department in fundraising activities, and was especially supportive of the Bob Gallman Graduate Student Fund. He will be missed.

**Kasey Maggard** (04) relocated in August to Cambridge, MA, where she began jointly pursuing a Masters of Public Policy degree in the John F. Kennedy School of Government and an MBA in the Harvard Business School.

**Lara B. Whittaker** (03) received a Masters in Public Policy degree from the College of William and Mary in 2006 and is currently employed at the Duke University Medical Center. She married Carolina grad Jess D. Mekeel this past April.

**William D. Jackson**, (Ph.D. '74) retired in 2006 from the Congressional Research Service where he was employed as Chief Financial Scientist.

**Teresa Beckham Gramm** (Ph.D. '00) is serving as international trade advisor to the election campaign of Senator John McCain. Teresa is currently on the Faculty of Rhodes College in Memphis, TN.

**Reginald K. Henderson** (87) is President and CEO of the Indiana Business Diversity Council where he is responsible for the education, cultivation and promotion of successful minority enterprises within the Indiana business community. He was featured in the October/November 2006 issue of *Minority Business News USA*. He is married and has one child.

**Jeff Tobias** (03) writes that he is currently serving business accounts for the BB&T Bank in Rocky Mount, NC.

After leaving Carolina, **Bruce B. McNair** (77) developed a real estate

business in Maryland which he recently sold to Grubb and Ellis, a national real estate services provider. He noted that his son is currently at Carolina enjoying both his econ courses and Carolina basketball!

**Joshua (Jay) Sams** (91) is currently employed in the IBM Banking Industry Solutions Group in Charlotte, NC. His group assists banks in developing organic growth strategies, cost reduction strategies and business process re-engineering.

**James P. McCoy** (Ph.D. '86) is Associate Provost for Research and Innovation and Distinguished Professor of Economics at Murray State University. He is responsible for International Education and Programs, Faculty Development and Research and Regional Economic Development Initiatives. During his tenure there he has spent nearly four years living and working in a number of countries across the globe.

**Samuel S. Gregory, III** (88) is employed by the N.C. State Bureau of Investigation as the Assistant Special Agent in Charge of the Southern Piedmont District. In this current position his primary assignment is to supervise all drug and money laundering investigations.

**Leon Porter** (75) is Senior Vice President, General Counsel and Secretary of Lincoln Financial Media Company (formerly Jefferson Pilot Communications) in Greensboro, NC. Lincoln Financial Media is the nations premier mid-size broadcaster comprised of 18 radio stations and 3

TV stations, and it telecasts ACC and SEC games. Leon resides in Winston-Salem, NC.

**Anastasia Scally Heinzelman** (97) writes that she was recently promoted to Director of Customer Services at the Midwest ISO, Inc. in Indianapolis, IN. Midwest ISO, Inc. is responsible for monitoring the electricity grid system and maintaining reliability for electricity in the Midwest and Canadian province of Manitoba. She is currently pursuing a graduate certificate in Organizational Leadership and Supervision. **Reena Patel Bland** (98) writes that she is married to NCSU grad Ward Bland and is currently living in Durham, NC. She gave birth to a son, Raja Patel Bland on 2/12/06.

**Jeanne Milliken Bonds** (85) is Senior Vice President, Government and Community Relations at ElectriCities of NC, Inc. She is also a registered federal and state lobbyist. Jeanne received a Masters of Public Administration degree from UNC in 1991, and has served as mayor of Knightdale, NC. She also served 9 years on the Knightdale city council.

**John Rawling** (70) took time to stop by the Department and catch up on a recent trip to Asheville to visit his daughter. After receiving his BA from Carolina he served in the army reserves and then attended the UVA Law School, receiving his JD degree in '73. He joined a large Phoenix law firm, eventually becoming a partner working on firm management and tax issues until retiring in 1994. Upon retirement he became President and General Manager of a speciality aerospace manufacturing company. This past July he retired for a second time and is taking some time to vacation and enjoy life. The Department would like to take this opportunity to thank him for his generous contribution which was given to support the publishing cost of this Newsletter.

# A Letter from the Chair

Greetings for 2007-2008 to friends and alumni of the Economics Department. We in Chapel Hill have just survived one of the hottest and driest summers ever, but, to the surprise of many of us, the trees and grass on campus are still relatively green and beautiful. Let's hope we have a cool and rainy autumn! Maybe the football team will even win a few games this season.

Our enrollment and number of majors have remained very large relative to our faculty size. We have been given permission by the Dean to recruit as many as seven new faculty members in the coming recruiting season, and are hard at work with recruiting activities. Because the aging of the "Baby Boom" is causing so many faculty to reach retirement age, the competition for faculty members to replace those who retire promises to become very intense. We hope this year to add a number of distinguished scholars and teachers at both the junior and senior levels.

This year the Departmental Minor in Entrepreneurship continued to be one of the centers of energy and growth at UNC. On the heels of last year's Forbes Magazine listing of UNC as the #1 Entrepreneurial Campus, this year UNC was listed by Fortune Magazine as one of the "25 top colleges for entrepreneurs." The 25 were not ranked. Over 100 new students entered into the minor this semester. We are trying to keep the program at a size that allows much person-to-person contact and develops each student to their full potential, and are not certain if that is possible at a size much larger than 100 new students each year. To continue to promise that each student choosing the minor will have the benefit of an internship with an entrepreneurial organization or firm is a major reason to keep the program at a relatively small size. For the foreseeable future we expect to keep it at about 100 new entrants per year.

This past summer about 20 of the students in the Entrepreneurship Minor interned in Beijing, China. Buck Goldstein, Entrepreneur in Residence and Economics Department faculty member, and I traveled to China to observe the internship program in process and to discuss with the students and those overseeing the program in Beijing to look for ways to improve the program in coming years. We were accompanied on the trip by Holden Thorp, the new Dean of the College of Arts and Sciences, Charles Lovelace, Executive Director of the Morehead Foundation, Dan Gold, Asia Project Officer in the UNC Study Abroad Program, and Phil Phillips, UNC alumnus and donor of the Phillips Ambassadors Program. All of the travelers were impressed by the program and what it has accomplished and came home energized to help us make it even better. I personally want to thank those of you who have financially supported the Entrepreneurship Minor. It will continue to be supported to a large degree for another two years by the Kaufman Foundation. By the time the Kaufman funding expires we hope to have the future of the program assured through donor support and university commitments.

Faculty members who left UNC this past year included long-term members Paul Rhode, Tom Mroz and David Blau, all of whom left to pursue other opportunities. We wish all three well in their new endeavors. William A. (Sandy) Darity, Jr. retired after having served both as Cary Boshamer Distinguished Professor and as Director of the Institute of African American Research. Sandy will continue to live in the Triangle and teach at Duke University. It is my understanding that he will be able to keep his UNC basketball season tickets. Jim Murphy, long time Department Chair, and more recently Dean of the Summer School, will also be retiring in January. We hope that both Sandy and Jim will have joyful and successful retirements.

As mentioned briefly above, we have a new Dean of Arts and Sciences. Holden Thorp, who in the past has been both Chair of the Chemistry Department and Director of the Morehead Planetarium, is an exceptional choice for that important position. He brings energy and vision to the Deanship and will undoubtedly lead the College of Arts and Sciences to great accomplishments. I should note that last year Holden taught in one of the Department's Entrepreneurship minor courses, a workshop for Science majors minoring in Entrepreneurship in the Economics Department. I take every opportunity to kid him that I used to be his boss!

I expect the new Senior Associate Dean for the Social Sciences, Karen Gil, ex-Chair of the Psychology Department, to be every bit as exceptional in her job. Karen is the Dean with whom the Department coordinates and seeks guidance on most matters. She already has proven to be a friendly source of encouragement and support for the Department.

I continue to believe, as I often express in my yearly contribution to this newsletter, that UNC deserves to have the best Economics Department in the country. We in the Department are realistic enough to know that resources for that level of excellence only come with the aid of donors. Even in good budget times state funds alone simply will not allow us to compete with many very wealthy economics departments for faculty and graduate students. And without excellent faculty and graduate students we will not be able to provide an excellent education to our undergraduate students. Even as the state budget has improved, the need for outside financial support has not lessened. Please give some thought to what the Economics Department and economics training has meant to your professional and personal success, and to the importance of supporting Economics training for other UNC students in the future. Both faculty and student welfare can be improved immensely with even small amounts of flexible funds provided by donors. We are reaching a time when many universities are beginning to aggressively recruit the faculty of other institutions as their own faculty retire. We at UNC must continue to raise the funds to maintain our excellence. If you are interested in discussing the possibility of a major gift (or a smaller one) please call me [(919)843-9452] or contact Brook Alexander at the Arts and Sciences Foundation [(919)843-3920]. I remind you that any gifts to the University, including those to annual giving or to the CAROLINA FIRST CAMPAIGN, can be designated to "The Department of Economics."

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

I hope all of you will feel free to drop in at the Department if you are in Chapel Hill. We are still in Gardner Hall, right in the middle of campus. I will try to personally welcome you and make your visit a pleasant one.

I wish all of you a good year.



*John Akin, Chair*

