View from the Chair …

Dear Alumni and Friends!

We are now over half way through the 2014-2015 academic year. This has been a year of great changes for both ECU and your Department of Economics. ECU has a new Provost, Dr. Ronald Mitchelson, and Harriot College of Arts & Sciences has a new Dean, Dr. William Downs. And I am preparing to step down as Chair of Economics this coming summer. The Department is currently searching for a new Chair, who will be selected from among your teachers, the tenured faculty in Economics.

Thus this is my final Newsletter as I complete twelve years as ECU Chair of the Department of Economics. It has been an exciting and rewarding twelve years working with, and in, a department of scholars. Over this period the number of faculty has grown from 11 to 19 and the number of majors has increased from around 110 to around 180.

Over this period we have graduated over 1100 alumni, 130 at the masters’ level. This period has also seen the development of an active Advancement Council supporting student success through fund-raising for scholarships for ‘rising seniors’, allowing a couple of students to successfully complete their degree without additional debt.

The University, College, and Economics Department are again facing budgetary cuts, although their severity appears to be tapering off. We are under continuing pressure to reduce operating expenditures and faculty, increasing ‘efficiency’ in the use of what, and who, are left. And we are now in a seventh year without a salary increase.

Yet, your department remains strong as both a teaching and research center. We graduated another 37 BA/BS majors in December 2014, have been allowed to hire a replacement for the senior faculty member who left last year. A truly outstanding young researcher and teacher, Dr. Jacob Hochard, has agreed to join the Department in the coming academic year. We are also moving forward in improving our undergraduate degree programs, and by enhancing the quantitative aspect of our MS program.

We have also received approval for an economics concentration in ECU’s Coastal Resources Management PhD program. This will enhance the economic analysis in that program, and provide a new advanced training opportunity for economics graduates. While we cannot yet recruit students, the Economics Concentration and its courses will be in place this fall. This reflects the continuing strength and quality of the Economics Department from which you graduated.

Inside you will find information on the December Economics Graduate Recognition Ceremony, as well as some news notes about faculty and students in the Department. There is also information about the forthcoming (12th!) annual Golf Tournament and Dinner, and two of our regular columns from your favorite macro-economists, Dr. Randy Parker and Dr. Phil Rothman. Finally, some career success stories of recent graduates are specially highlighted. Of course, these are only a few of many we could present. Please send us your story if you are willing to be featured, and, of course, any comments about this, and any of the, material you find here. What else would you like to see in the Newsletter?

As I finish my term, I want to emphasize how important your support has been. The Advancement Council members in particular have been a source of strength for the Department with
their continuing effort, advice, and financial support. But your continuing generosity, your flow of contributions – both large and small – has been essential to the success of the Department, to its ability to support students in the completion of their degrees. It also helps fund initiatives for continuing students, such as the recent daylong workshop “The Professional Advantage: Sharpening Your Business Etiquette” preparing students to go on the job market.

I look forward to seeing as many of you as possible at our 12th annual fundraising Golf Tournament and Dinner, 8 May 2015, at Ironwood GC and the Rock Springs Center!

Finally, keep in touch! Let us know how you are doing, and what you would like to see us doing. Feel free to stop by and visit me, and my successor as Chair of Economics, to talk about your department or about economics in general – these are exciting times and there’s much to say!

With best wishes,
Rick Ericson.

In Table 1 are the real GDP growth rate density forecasts I reported for the 2015:Q1 survey of Survey of Professional Forecaster (SPF) organized by the Federal Reserve Bank of Philadelphia. These forecasts were produced on February 8, and were made conditional on the announcement at the end of January from the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA) that the “advance” (i.e., first) estimate of the annual real GDP growth rate for 2014:Q4 was 2.6%.

At the end of December, the BEA reported that its “third” estimate (second revision) of annual real GDP growth for 2014:Q3 was 5.0%, a very high growth rate. Indeed, this was the highest reported annual real GDP growth rate since 2006:Q1. This, along with a “third” estimate of annual real GDP growth for 2014:Q2 of 4.6%, led the density forecasts to place considerable weight, roughly 70%, on the event that real GDP growth for 2015 will be greater than or equal to 3%. If this event actually occurs, 2015 would experience the highest real GDP growth in the post-Great Recession expansion. However, for the years 2016, 2017, and 2018, the density forecasts are less optimistic that real GDP growth will be so high.

Table 1

| Probability of indicated percent change in real (chain-weighted) GDP |
|------------------|------------------|------------------|------------------|
| +6 percent or more | 0.92  | 2.56      | 3.44      | 4.44      |
| +5.0 to +5.9 percent | 4.60  | 4.32      | 4.88      | 5.76      |
| +4.0 to +4.9 percent | 20.84 | 13.08     | 13.48     | 13.08     |
| +3.0 to +3.9 percent | 43.76 | 23.32     | 21.76     | 22.20     |
| +2.0 to +2.9 percent | 24.44 | 25.72     | 24.32     | 24.00     |
| +1.0 to +1.9 percent | 4.68  | 18.84     | 17.92     | 16.56     |
| +0.0 to +0.9 percent | 0.72  | 8.16      | 9.08      | 8.48      |
| -1.0 to -0.1 percent | 0.04  | 3.08      | 3.36      | 3.32      |
| -2.0 to -1.1 percent | 0.00  | 0.80      | 1.08      | 1.44      |
| -3.0 to -2.1 percent | 0.00  | 0.04      | 0.40      | 0.56      |
| Decline more than 3 percent | 0.00  | 0.08      | 0.28      | 0.16      |
| TOTAL            | 100   | 100       | 100       | 100       |
The Graduates!
Recognition of Veteran & Active Military Graduates
Dr. Randall Parker
Concluding Remarks
Dr. Randall Parker
Processional

The Class of Fall 2014
William Carl Aitken
Michael Ray Anglen
Brian Taylor Barnes
Brenden Baker Bass
ChaShon Donné Battle
Julia Christine Bedsole
Megan Michelle Braddy
Alex David Breneman
Corey Edward Browder
Stephen Paul Bryant
Samantha Anne Burke
Christopher Troy Cardamone
Michael Jacob DeVoe
John Stephen DuBiel, III
Clabie Mardis Edmond, IV
Robert Dillon Eichorn
Zachary Robert Gorsuch
Paige Nicole Hardaway
Jordan Grae Houston
Caleb Anthony Jarman
Jessica Ellen Johnson
Max Ray Joyner, III
Tevin Dekota King
Katherine Elizabeth Kirk
Marcus Andrew Kotzur
Patrick Omar Lewis
Kevin Maximillian Liss
Maurice D’Amato Little
John William McFarling
John Bradley Moody, Jr.
Paige Kristine Peterson
Tyler Everett Reese
Laquan Sieve Robinson
Wilson Jay Soots
Jeffrey Earle Turner
Dylan Dwayne Weise
Jacob Lee Zimmerman

Fall 2014 Graduation
Recognition Ceremony
Hendrix Theatre, MSC,
Friday, December 19, 2014,
5:00 pm.

Program:
Procession
Welcome and Opening Remarks
Dr. Nicholas Rupp
Introduction of Speaker
Dr. Randall Parker
Graduation Speaker
Mr. John Osborne, Class of 69
Presentation of the Graduates
Dr. Lester Zeager
Dr. Nicholas Rupp
From the Graduation – Fall 2014

Mr. John Osborne Class of 69 our guest speaker

Dr. Phil Rothman with Katherine Kirk

Dr. ’s Vera Tabakova and Joe Meskey with Samantha Burke

Brain Barnes with family

ChaShon Battle with Family

Dr. Nick Rupp recognizing our special Veteran Michael Anglen
Macro Corner
By: Dr. Randy Parker

Hello out there all you good folks. Time once again for a visit to the world of macroeconomics. There really is much on my mind as I look out at the world and see it as a more dangerous place than I have ever seen in my 55 years on this big blue marble (in spite of what our Secretary of State may hypothesize). I think we are in for a wild ride in the years to come, but that is to find out.

More to the point, rather than rambling on about the fall and stagnation of the employment-to-population ratio, or the utter unemployability of a significant portion of our population (my restaurant friends in New Orleans finally struck gold on applicant number 36 when trying to hire a bus boy, remembering a bus boy at a fancy restaurant in New Orleans can make $40,000 a year with benefits), or the punitive structure of our corporate tax system, or the fact that the Manhattan Project was completed quicker than the veto of the Keystone pipeline, I’ll just focus on one thing…the graph above. This graph, if it persists, has more to say about the future of our economic wellbeing than any other measure or metric you care to name. I call the above graph “The Age of Reduced Expectations,” because that will be our reality if the current path of GDP does not catch back up to the 2007 trend line. Now, don’t fret, stay calm, and keep a steady hand on your martini glass (nope, I have not changed much). As my friends at the CATO Institute remind me, “I would bet we felt the same way back in 1979, that the economy was down for the count, and we were writing obituaries.” That’s fair enough, and the results thereafter gave us two of the top three economic expansions ever. So I hold out hope in the resiliency of the American economy.

Now comes the but…

But for the first time in my career, I now see a government agency re-defining what “return to trend” means. Note above the Congressional Budget Office seems to think “if at first you don’t succeed…lower your standards.” The trend of our economy has now gone through at least two revisions of “what could be” or “potential GDP.” The decline is obvious. So not only should we expect a lower level of the production and exchange of goods and services, but also a slowing of tax collections, job creation, and worst of all, economic opportunities for you and more especially your progeny. I read somewhere recently that household formation is but 40% of what it was in the early 2000s. You know the drill…you get a degree, get a job, get a significant other and start raising a family…or not. Perhaps instead you move back in with mom and dad and hang out in the spare bedroom or extension that they will build for you with early withdrawals from their 401ks since the economy is not vibrant enough for you to find gainful employment, much less a career path. Wait until little Junior or
Sissy ask if their significant other can move in too.

Until we return to the trend we have known since 1865, nothing else really is of the same importance macroeconomically.

Fondly,
Dr. P

News, Notes & Milestones:

Dr. Lester Zeager has been awarded the ECU 2015 Scholar-Teacher Award.

Dr. Rothman's son, Yakov Shlapentokh-Rothman, will receive his PhD in mathematics from MIT this spring. He was awarded a National Science Foundation postdoctoral fellowship and will spend the next three years at Princeton's department of mathematics.

Mr. Will Price, MS '14, landed a job as an analyst and SAS programmer in the Financial Risk Group in Cary, NC, after completing his MS degree last spring. He has written to Dr. Zeager: My job has been absolutely wonderful. I am now a certified advanced SAS programmer, and will be starting on a new project for the company within the next month. I am currently working with one of our large bank clients to help them implement technological solutions to meet their requirements for regulatory reporting to the Fed. My time at ECU really prepared me to be successful in my job. Not only did I learn the quantitative skills necessary to understand and converse with the analysts and mathematicians at the banks, the technical skills I gained using SAS has helped me work close with programmers as well. With the little experience I have gained in this industry, that seems to be a rare combination. I am so grateful to you and the rest of the faculty who provided me with the skills I needed, and who have helped build a foundation for me to thrive as I continue to advance in my career. Please send my thanks to the rest of the faculty and tell them I said hello.

Dr. Jacob Hochard (University of Wyoming '15) has accepted our offer to join the Economics Department this fall. He will also be a junior research scientist in the ECU Institute for Coastal Science and Policy (ICSP).

Dr. Richard Ericson will be stepping down as Chair of the Department of Economics in summer 2015, after serving 12 years in that position. There is now a search underway within the Department to find his successor.

Dr. Jamie Kruse, Professor of Economics, Director of the Center for Natural Hazards Research and Senior Scientist in the Institute for Coastal Science and Policy will serve as one of the mentors in the 2014-2015 Next Generation of Hazards and Disasters Researchers Program sponsored by the National Science Foundation. Dr. Kruse is also organizing, together with North Carolina Emergency Management, the 6th Annual Hurricane Conference, taking place 9 am to 4 pm on May 27th, 2015. This workshop brings together researchers and practitioners, regional emergency managers, to analyze risks and the regions preparedness to manage them.

Dr. Vera Tabakova ran her first marathon in November 2014 and her 10th half marathon on February 22nd 2015. Way to go Vera!!

Mr. Cameron Holmes our ECON masters graduate of May 2013 was just promoted to a senior process manager at capital one commercial banking operations and strategy analysis. Here’s what he has written to Dr. Tabakova: “I earned my bachelor in quantitative economics from ECU on December 2011 and master in applied economics from ECU on May 2013.-following graduating from ECU, I worked for chesterfield county government as a budget and management analyst and oversaw $800M in county...
expenditures. I was hired by capital one as a business process analyst in digital operations and strategy and managed our online marketing projects, generated an average of $200M/quarter in revenue and several billion/year in cost savings. I was just promoted to a senior process manager at capital one commercial banking operations and strategy analysis and I'm in charge of process improvement and execution of commercial loans. I also started Sharpe Innovations, inc. in 2010 and have 2 technology hardware patents and we were briefly shown on the ABC show Shark Tank. I also began in the University of Richmond MBA Program in January 2014 and am concentrating in project management.

Mr. Michael Angen was recognized in the fall 2014 graduation ceremony for his outstanding veteran service. “I spend 8 years in the United States Marine Corps and a Scout Sniper. My job was delivering long range precision fire at selected targets, from concealed positions in support of combat operations. My duties also included surveillance, targeting, acquisition, close air strikes, covert and overt targeting, and reconnaissance. I spent 4 years with 3rd Battalion 2nd Marines as a Scout Sniper, the 2 years as an Instructor at Scout Sniper School, and 2 more years with Anti-Terrorism Battalion. I deployed 4 times, twice to Japan, once to Israel and once to Iraq; and a bunch of small deployments to 8-9 other countries.” At the 2001 Marine Corps Scout Sniper Competition, Michael was the event high shooter. He placed 3rd in the 2002 World Sniper Championship!

Ms. Ashley Walston our 2012 graduate is working in a major IT consulting firm. Here’s what Ashley wrote to Dr. Tabakova: “I have worked for the past 2 years as a Technical Recruiter at Principle Solutions Group, a top IT consulting firm. I work with the major Software Development Companies in Raleigh to get to know the business challenges the companies are facing and connect them with Software Engineers who can help solve those challenges.”

Ms. Katie Kirk our most recent graduate (fall 2014) has been nominated this spring to be the Phi Kappa Phi Outstanding Senior at ECU. She was also selected by the department to apply for the Economic Studies Hertog Program in Washington DC this summer. Here’s what Katie wrote to Dr. Elsawaf: “I graduated in December 2014 and am now I’m a full time masters student. I’m pursuing the dual degree program Math and Econ. In my undergraduate studies, I was in the Honors College. I completed a thesis project entitled “Did Federal Reserve Policy Cause the Housing Crisis? A Time Series Exploration.” This project explored the robustness of John Taylor's argument that Fed policy was a key determinant of the 2007-2009 financial crisis. I am in my last semester on the women's golf team, and I have started on the team in every tournament to date. I am on track to be a four-time Scholastic All American, an award that is given yearly to athletes who compete in at least 50% of the competitive days and have a cumulative GPA of 3.5 or higher.”

Congratulations to all our bright and successful young graduates! And to all our faculty on their achievements and milestones!
12th Annual Economics Scholarship Golf Fundraiser

4 Man Superball

Come celebrate with us at our 12th annual golf tournament! This year's event will be held Friday, May 8th, 2015 at the well-manicured Ironwood Golf and Country in Greenville, NC.

The cost for this event is only $395.00 per team or $99.00 per individual golfer.

**Dinner only for $60.**

All Proceeds go to providing need and merit-based scholarships within the Department of Economics at East Carolina University. Our whole mission and purpose is to “Give Back”.

This price includes, 18 holes of golf with cart, range balls, gift bag, dinner, **cold beer will be provided on the course.**

**Dinner and Auction: Rock Springs Center, 4025 NC 43, Greenville, NC**
- Located just minutes away from Ironwood Golf & Country Club
- Cocktail hour begins at 5:00 with an open beer/wine bar.
- Prime rib or salmon dinner served directly following at 5:45.
- Silent & Live Auctions start at 6:15
- Band – Big Love Band starts at 7 pm.

Please provide the following information for all participants:

Name(s): _____________________________________________
Address: ______________________________________________
Phone: ____________________Email:__________________________
Handicap: _____________________________________________

Please indicate either prime rib or salmon.

Please make check payable to **The ECU Foundation** and mail your check to reserve your place to:

Dr. Randy Parker
Department of Economics
East Carolina University
Brewster A-422
Greenville, NC 27858
parkerr@ecu.edu OR call Cindy Mills at 328-6765 with your credit card information.