



on the *Margin*

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a Newsletter for ECU Economics Graduates

Dear Alumni,

What a year we've had! The flood closed down ECU for two weeks last fall, and this spring we had a record number of snow days. But we pulled through and 40 economics graduates are about to enter the job market. Last year's MS students have left us for good jobs (*Where Are They Now?*), and this year's students are preparing to follow in their footsteps. Two of our best students give you an insider's view of the MS program in this newsletter.

While the university community was cleaning up after the flood, Dr. Bishop and his wife were in China - picking up their adopted daughter. Be sure to read the feature article that describes their journey through the foreign adoption process.

Meanwhile, the U.S. economy keeps humming along in its longest peacetime expansion ever, so you'd expect macroeconomists to be happy, right? Wrong! Drs. Parker and Rothman are hunkered down and worried - read about their concerns in the *Macro Corner*.

Here on the fourth floor of Brewster there is much that is the same - but some things have changed. Two new faculty members joined the department this year - meet Dr. DeSimone and Dr. Holmes in the *Chair's Column*.

One thing that stays the same is how much we enjoy hearing from our alumni - and the internet has made that easier than ever. So keep those e-mails coming... and enjoy our annual newsletter. Kind regards,

Marjorie Baldwin
Alumni Coordinator

Dr. Bishop and daughter, Ruth Kathleen

New Arrival

In 1999, I again became a proud father. If you've glanced at the pictures you can tell that she clearly favors her father over her mother! Her name is Ruth, she was born on October 22, 1998 in Hefei, Anhui Province, P.R. China. We picked her up in late September - we were one of the last cars across the bridge at little Washington before it closed from the flood.

In fact, Ruth's fate and floods are intimately intertwined. Because of the one-child policy, large numbers of Chinese girls are abandoned by their parents immediately after birth, so many that there is said to be a "flood of orphan girls." In fact, all the girls at Ruth's orphanage are given the last name, "Hong," which in English means "deluge."

The trip to China to pick up Ruth takes about two weeks. As I said, we leave in the midst of

the Great Greenville Flood. To go to China one needs a visa from the Chinese Consulate in New York City. For some reason, our adoption agency waits until a few days before you're to leave to Fedex your passport. Surprise! Our passports are sent to Greenville via Fedex the day of the hurricane. We are ready to leave but where are our passports? Fedex doesn't know, but assures me that not knowing where something is and losing it are two entirely different things.

Today's only Friday - we leave from Virginia Beach next Thursday - no problem. By Tuesday night no one knows where our passports are, maybe Raleigh, maybe Wilson, but don't worry they're not lost!

Wednesday morning the passports arrive in Wilson and Dr. Ghent kindly agrees to pick them up for me. The problem is - with I-95 closed - it's at least a 12-hour round trip to Wilson (*continued on page 3*)

Macro Corner 2000

Hello out there in alumni land, we are shoring up the defenses in the sand bag bunker formerly known as AMacro Corner. (Unlike Prince, we are not changing our name to just a symbol, but simply keeping the Aformerly known as@ title.) We are hunkering down for what is sure to be a dark and bloody 2000. What are we protecting ourselves from? Where should we start?

The first thing on our minds is just how ruthless, mendacious, and win-at-any-cost the fall campaign for president will be. We are confident that the self-proclaimed Afather of the internet@no controlling legal authority@the internal combustion engine is the biggest enemy of civilization@ Democratic presidential candidate will stop at nothing to win the presidency. We will see the uglier side of human nature driven by blind ambition and it will not be a pretty sight. So, we are heading for the bunker because we already know how the story will play out. Hunker down.

Second, we know what is going to happen when the discussion gets around to tax reduction. Everyone will go straight to DEFCON 5 and all of the class warfare, tax breaks for Athe rich@ mumbo-jumbo will be out in force. Perish the thought that tax reduction increases the incentives for work and investment. Never mind that it is YOUR money they are deciding whether or not you deserve a greater say over. And maybe we should also mention how that has an impact on economic growth. But it won't matter. The political victory comes in

framing the debate as the Arich vs. the poor, and how the rich get richer **because** the poor get poorer. It is a zero sum society, you see? It matters not if a 'poor' person has an increase in income if the income of a 'rich' person goes up by a greater percentage. This is bad because it adversely affects the income distribution, it will be said. Even though everyone is better off, it is bad. Economic analysis (and common sense) means nothing. Most of the faculty have combined family incomes that would put us in the top 10% of the income distribution in NC. Would the public say we are rich? Sure. We wish it felt better if indeed we are rich. Hunker down, it hasn't even started yet.

Third, we are uncomfortable with recent statements from the chair of the Federal Reserve. His job is to manage the price level and not to be the arbiter of security prices. This has been tried many times in the past and has consistently failed. If he wants to frame the discussion in terms of taming inflation, fine. But keep your mouth shut about the stock market and Abubbles/irrational exuberance/overstated wealth effects. If something must be done, then why not use Regulation T and increase margin requirements? He is silent on this point. The Fed tried to arbitrate stock prices vigorously in 1929. Should we go on? If the chair continues to feel surly about equity values, hunker down. Additionally, we find it uncomfortable that the public finds any one person so important. "Greenspan is the only man for the job. This is not only false, but potentially destabilizing. We would not favor concentrating that much power or idol worship in any

one person, but that is what we are hearing. Don't fall for it.

Fourth, we continue to derive personal satisfaction from knowing just how right we are in our view of the world. Why? Because we can explain many of the most vexing public policy problems with nothing more than principles of economics. Like what you ask? The sorry state of public education. It is a monopoly, and you know what you get from monopolies. How do you fix it? Right, competition. So competition in the form of school choice (just like Al and Bill had for their kids) is just what the Ph.D. ordered. Forget about it, back to the bunker to hunker down. The special interests that are only looking out for themselves and care not for the kids caught in a failed system will be impossible to listen to. And it hasn't even started.

But lastly, don't stress. At least we're not French. The *Wall Street Journal* recently reported that the top marginal tax rate in France is 54%. Add to this a 10% social security tax and a 20% value added tax. Ah, being culturally superior has its price. On top of this, they are a whisker away from making it illegal for **anyone** to work more than 40 hours a week. Working more than that takes away a full time job from one of the jobless persons who make up their 13% unemployment rate, don't you know. It has gotten so bad that recently the police confiscated a corporation's computers to see if people were violating the proposed rule. How do you say lots of luck in French? We know how to say thank you...Merci, for being Americans.

*Best Regards,
Drs. Parker and Rothman*

(continued from page 1)

from Virginia Beach, and it's still raining. Solution: My Dad has a small plane (but it's still raining and Dad can't fly in the rain). Dad calls a friend, a retired naval aviator. He loves to fly in the rain because you avoid the crowd! We head to Wilson, meet Dr Ghent at the airport with the passports, eat barbecue, and return in the sunshine. It's amazing to see all the water from the air.

From Virginia Beach we fly to Chicago and then to Hong Kong, arriving early Friday evening. One of my classmates from graduate school meets us and takes the weekend to show us the sights. Hong Kong is a great town, lots of fun. On Sunday we're to leave for Guangzhou (Canton) at 11AM - a three-hour bus ride. Then comes the typhoon. The radio announces a 10 AM curfew. The phone rings. Hurry up - the bus is waiting - we've got to go while we can. Hong Kong is a ghost town; the huge bus hydroplanes on the abandoned highway. But it's sunny when we get to Canton, and we fly to Hefei where it's warm and nice.

Sunday night we meet with our Chinese facilitator and 10 other couples. Each of us drops a large stack of \$100 bills, not too new, not too old, on the table. Don't worry, we'll bring the girls tomorrow.

It's Monday morning. Mary and I are the 5th of eleven to have our child brought to us. She's small and listless, but has a perfect complexion, fine bone structure, and the most beautiful hands I've ever seen. It's love at first sight. Back in the room we find her covered with scabies (kind of like chiggers, but contagious), very weak (probably from vitamin

Mary Bishop and Ruth

deficiencies), and congested. I sit her in front of the mirror but she topples over, too weak to hold herself up. Mary, an RN and mother of a six-year-old, spends the day helping ten new mothers with sick babies. Ruth and I watch pictures of the flooding in Greenville on CNN.

The next ten days we spend in China doing paper work for both the Chinese (in Hefei) and US (in Canton) governments. We take daily cab rides, visiting parks, museums, and temples. China is a wonderful country and we really enjoy the sightseeing. Of course, we are a sight for the locals who are not at all embarrassed about staring. The food is great and yes they do eat cat in Canton.

It's an uneventful trip home. The plane is only half full so it isn't what I feared traveling with an infant might be like. It's now six months later and Ruth is prospering. She's walking, says DaDa, but not MaMa, loves ice cream, and her brother Jimmy. We're clearly blessed. Best Wishes,

John Bishop

Milestones

You Say Goodbye, I Say Hello

We are excited to announce a new faculty member joining us in Fall 2000. **Dong Li** will graduate from Texas A&M this spring. He already has a productive research agenda in finance and econometrics and we are confident he will be a valuable member of our faculty.

Unfortunately we have to say goodbye to two familiar faces. **Tim Haab** has accepted a position at Ohio State, and **Linda Ghent** at Eastern Illinois. Both will leave this summer. We are sad to see them go, but we wish them success in their new surroundings.

Hello Hello

On the family front we are happy to announce that **Dr. Bays** is a proud grandfather! Jacqueline Mary Barnes (named after two great-grandmothers) was born to daughter Jessica and husband Rob on 3/10/00 in Auburn, AL. She weighed 9lb, 5oz and, according to Dr. Bays, is "extraordinarily beautiful." Congratulations, Granddaddy Bays!

Congratulations

...to **Marie Catherine Ajouc**, co-winner of the Outstanding Senior award for Phi Kappa Phi, ECU's most prestigious honor society! Marie is the first economics major to receive this honor. She came to ECU from France, majored in economics and political science, and graduated with an overall GPA of 3.894. She wrote honors theses in both economics and political science.

Ed Schumacher

The Chair's Column

Last August we welcomed two new faculty colleagues, **Dr. Jeffrey DeSimone** and **Dr. Mark Holmes**. Both have research interests in the field of health economics and public policy.

Jeff DeSimone received an undergraduate degree in economics and mathematics from Swarthmore College, and a PhD in economics from Yale University in 1998. He worked for RTI for one year, then decided that he missed the academic environment.

Jeff's research deals with the effects of illegal drug consumption on future drug consumption and labor supply, and with the relationship between drug prices and criminal activity. He studies the economic impact of these current social issues, and the results are of interest not only to academic economists but to policy makers as well. Jeff is bringing his research interests to the classes he teaches in Public Finance, Health Economics, and Game Theory.

Jeff lives in Greenville with his wife, Joanne, who is the Director of Structured Finance Ratings at Standard and Poors in New York City. How does someone live in Greenville and work in NYC? By accumulating lots of frequent-flyer miles. Actually, Joanne does the majority of her work via telephone and a remote computer from their residence, although she still flies to New York City occasionally. Those of you who knew **Marie Ajouc** (BA Honors, 1999) will be interested to learn that Marie has taken a job with Joanne's group

and lives across the street from the Empire State Building. Her rent is now a bit higher than it was in Greenville.

Mark Holmes did his undergraduate work in economics and mathematics at Michigan State University. He received his PhD in economics from UNC Chapel Hill, so in addition to having a fine education he has the distinction of being the only one in the department to have two teams in the Final Four this spring.

Mark's research studies the economic effects of federal government subsidies to physicians to locate in medically under-served areas. This topic combines an important issue of health economics with one dealing with political economy. Mark was able to measure the economic impact of the subsidies on physicians' location decisions, but also discovered that the geographic allocation of the subsidies is affected by the relative political clout of

different Congressional Representatives. Mark is now extending his methodology to investigate the effects of charter schools on the performance of public schools. He is sharing his econometric skills with our graduate students by teaching the final course in the graduate econometric sequence.

Mark lives with his wife, Julie, on the southeastern side of Raleigh. Julie received an MS in Public Administration from NC State and now works in Raleigh for the Lieutenant Governor's Office. She is currently the senior policy analyst for Dennis Wicker. Guess whose campaign sign Mark displays on his door?

We are delighted to have these two young scholars to help reinforce the health economics and policy focus of our program. When you come back to visit, I invite you to stop by and meet them.

Carson Bays, Chair

Jeff DeSimone

Mark Holmes

Sports Report

Intramural Basketball Team Extends Playoff Streak

The men's basketball team extended its streak of consecutive playoff appearances by pulling off a stunning comeback in the last game of the regular season. The caliber of the competition was unusually high this year. Initially, the team was made up of graduate students and faculty, who claimed no comparative advantage in basketball. Their effort was good but they had no wins going into the final game of the regular season.

With the playoff streak on the line, **Cory Hamilton** came to the rescue. To address the fundamental talent problem, he launched a recruiting effort among the undergraduates. In the final game the new recruits were on hand, but we were playing a team that had whipped us soundly a few weeks earlier. **Dr. Zeager** had the wisdom to switch from playing to coaching. By half time the players were finding their roles, we had found the opponent's weakness (outside shooting), and our zone defense was beginning to shut them down. Still, we faced a double-digit deficit.

With new-found confidence and the honor of the playoff streak at stake, the players shocked the opponents by rallying to win! Indeed, it was the greatest comeback in the history of the department's intramural sports competition. Thanks to Cory, our basketball tradition was enriched with a story for the ages.

Lester Zeager

*Front row: J. Thomas, B. Smith, S. Malone, B. Wakefield, L. Compton, C. Lai.
Back row: G. Gunawardhana, M. MacKenzie, J. Olinick, B. Creech, J. Rinehart, J. Anderson, B. Dunlop.*

Graduate Program

Upon graduation, students face a difficult decision: What to do next? Should I enter the job market and start paying off these student loans? Should I take a break and move back in with my parents? Or maybe I should stick with this academic thing and continue my education.

When faced with this decision a year ago, we decided to continue our education by entering the MS in Applied Economics program here at ECU. This decision proved to be a wise one, as we are both closing in on completion, and our labor market prospects are brighter than ever.

The program itself is very application based. Every class stresses real-world applications for the theories being taught, and instruction in statistical modeling techniques. This is probably the main advantage the MS degree will

give us over competing undergraduates. The abilities to use complex statistical software programs (like SAS and SPSS), to construct robust models, and to analyze data are highly sought after in the labor market.

In addition to the new skills we have acquired, we have made some great friends. The graduate students are a tight knit group, who associate academically and socially. We have also become much closer to the faculty and staff, and we'd like to take this opportunity to thank these exceptional individuals for all the help and encouragement they have provided.

Looking back on this year, the countless hours of programming and the sleepless nights all seem worth it. The experiences and friendships gained are things we will take with us fondly for the rest of our lives.

*Lisa Compton, Jeff Rinehart
Master's Candidates*

The Prof vs. the Pros

The millennium ended with another embarrassing faculty defeat in the stock market contest. **Dr Bays'** pick ended the year with a creditable return of \$107,700. But **Chad Schremp** was the winner with a final return of \$274,395. (At one point Chad's holdings were over \$400,000, and he sent an e-mail trying to sell that day.) Chad's pick, Informatica, gained 174% - the largest return ever in our contest. Congratulations!

In the wake of their 3rd humiliating defeat in as many years, the faculty retreated to the lunchroom to plot strategy. We decided that following **Dr. Bishop's** long-term investment advice and choosing index funds was not the optimal strategy for a one-year contest. We needed a gambler to represent us – a person who was willing to go for broke and return us to the winner's circle. The choice was clear - **Dr. Parker**.

Dr. Parker competes against **Kelly (Marschel Albright)** (98) and **Phil McPherson** (97). Kelly, a finance manager for Wachovia, works with car dealers to negotiate loans for their customers. She lives in Greenville with her husband, Nathan, an airplane mechanic and engineering student. Phil works for Mission Capital Investment Group in Irvine, CA. He says, "I am dedicated to my work, I absolutely love the stock market, and thrive on the challenges it provides on a daily basis." Phil's pick is Exodus Communications, a web-hosting firm.

Good luck to all our contestants!

Kelly Albright

Pick: Concert Investment Growth Fund

Randy Parker and step-son Chris Turner

Pick: Microsoft

Where are They Now?

Eddie Ferguson (BS, 1994) lives in Raleigh, with his wife, and daughter, Karlyn. He works for a software company as an art director/ programmer. Although his job is not directly connected with economics, Eddie assures us he can still draw a supply/demand diagram.

Lara Lang (BS, 1999) lives in Lumberton, NC with her husband. She recently accepted a new job with the State Employees Credit Union in Laurinburg and plans to enroll in the evening MBA program at Pembroke State next fall.

Greg Sorrell (BS, 1996) is a branch manager for Regional Acceptance Corp. in Jacksonville, NC. Greg says that the company is growing rapidly, so if you're looking for a job you may want to contact him.

Jo (Sharratt) Chapman (MA, 1998) is now the Director of Survey Analysis at the National Association of Home Builders in DC. Jo

supervises research assistants, and directs focus groups around the country. Congratulations, Jo!

Neal Cole and **Kevin Smith** (MA, 1999) are working as energy analysts at Service Resources, Inc. in Atlanta. Their jobs are to analyze data to determine if utility companies are on the proper rate plans. When last we heard, Neal had been in Atlanta six weeks and loved it. We know Kevin is happy because Phish is in Atlanta in June.

We've heard from some recent graduates through our web page: **Tyler McAdams** (BA, 1998) just got his first real job as an account manager at Tiger Direct in Raleigh, and says Athose micro classes are really paying off!@ **Brian Parrish** (BS, 1998) works for Wheat First Union in Charlotte. He was in Greenville last summer and it brought back memories of all those fun times in Brewster. Take a minute to check out our web page and tell us what you're doing - you may find yourself in next year's newsletter!

Profile of a Prof

Name:

John Claiborne Whitehead

Nicknames: King of the World, Yoda, Gigantatron, Silent Bob

Place of Birth: Charlotte, NC

Marital Status: Married for 7+ years to the former Jammie Price

Children: Zero, sniff

Brothers and Sisters: Sister Anne (age 35, expecting 1st kid)

Educational Background: MA, PhD from UK (Wildcats); BA from Centre College (Praying Colonels)

Pets: Wilma (dog), Raif (Cat)

What words come to mind when you look in the mirror? Big nose

Favorite childhood memory: Atlanta Braves baseball games. Especially: Phil Niekro's no-hitter (8/5/73), the first no-hitter by a Braves pitcher since Spahn recorded one in 1961; Henry Aaron's 700th home run (7/21/73), a major milestone on his way to breaking Babe Ruth's all-time home run record in 1974

Books or magazines you are currently reading:

Econometric Analysis, Sports Illustrated, Lynne Russell's autobiography/self-help book

Favorite movie: Wizard of Oz (all-time), Mystery Men (now)

Favorite television shows: Malcolm in the Middle, Cops, Homicide, X-Files, Unsolved Mysteries, Ally McBeal, Law and Order, Raymond, ESPN: The Sports Reporters, College Gameday, Sportscenter

Favorite song: Copperhead Road, Jane, Pretty Persuasion

Favorite musical performer: REM

Hot topic you couldn't care less about: The internet

What your friends say about you behind your back: That guy has a big nose and legs that are

too short for his torso.

Hobbies: Walking my dog
Strangest job you have ever held: Assistant Professor
What makes you laugh?

Funny things

Favorite meal: Pizza

Least like food: Greens (the kind the Whitehead's from Southampton County, VA cooked all day with pig fat)

When you want to get away from it all, where do you go? My room

Favorite way to splurge: Shoes

Favorite item of clothing: My new UK basketball t-shirt

Best present you ever received: A basketball and softball mitt on my 37th birthday

What one moment in your life would you like to do over again? That time I pushed a girl down in 4th grade and she broke her arm. (If given the chance again, I wouldn't push her.) No joke, it haunts me.

One little-known fact about you: I'm a crimefighter with a secret identity related to being adopted on April Fool's day
One thing you would never do: Give away my secret identity

Secret Ambition:

King of the World

One thing you can't resist: Non-dairy chocolate bars, that second beer

Achievement of which you are most proud: Self-appointed Chair, Research and Technology Committee, Econ Department (aka 'king of the world')

Pet peeve: Wilma (dog), Raif (cat)... wasn't I already asked this one?

Favorite way to blow off steam: Fighting crime

One thing you wish you had the nerve to wear: A speedo, a cape, and a secret identity mask

Most valuable lesson you've learned so far: "Together we

are #1, separate we are #2 ... or even lower" (The Sphinx)

Person you'd give the most to meet: Ben Stiller as Springsteen

One thing you do better than anyone else: Obsess

One thing you've never been able to do: Dunk on a 10' rim

What gives you the creeps?

Legs too short for your torso

Best advice your father ever gave you: Take business

(typing) class in high school

One thing you would change about yourself:

Increase my leg to torso ratio

People who knew you in high school thought you were:

Faster than a speeding bullet, more powerful than a locomotive, tough but fair

Who would you like to trade places with for a day? Carson Bays (actually I could get everything done that I need in about 3 hours)

Personal Strength: Mid-range jump shot, going left off a pick, all-around floor game

Personal Weakness: Perimeter defense, turnaround jumper

One product, trend or fashion you'd like to see return: Skin-tight basketball shorts

What would be your perfect evening? 17 points, 12

rebounds, 11 assists; a pizza; and a plane ride to the next city

John Whitehead