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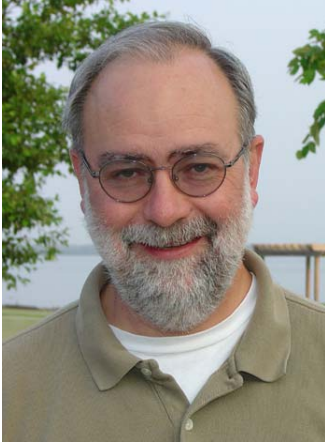
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June 2004 • vol. 10 no. 1

a Newsletter for ECU Economics Graduates

A View from the Chair



Welcome to another issue of the Department of Economics Alumni Newsletter! This has been another year of great change, both for ECU and for your Department.

To begin close to home, there has been significant change in our Economics faculty, including my joining the Department as Chair. Dr. Brown concluded his admirable service as Interim Chair as the second summer session of 2003 began, when I arrived on campus. I moved to ECU from Columbia University in the City of New York to take on the challenge of helping a young and growing Department develop its full potential. My research and teaching interests lie in the areas of microeconomic theory and comparative economic systems, in particular the Soviet, and

post-Soviet transition, economies. I look forward to both teaching and continuing my research in those areas here at ECU. It has been a very interesting and busy year, and I have thoroughly enjoyed my new position here at ECU.

Other changes in the Department have included the departure of two of your teachers, Drs. Mark Holmes and Lance Bachmeier, and the hiring of two new professors, Dr. Andrew Grodner from Syracuse University and Dr. Marc Fusaro from Northwestern University. Drs. Grodner and Fusaro will be arriving summer 2004, and will begin teaching in the Fall Semester.

We have also been very fortunate to be able to hire a new senior faculty member, Dr. Jamie Kruse, from Texas Tech University. Dr. Kruse is a specialist in experimental economics, microeconomics, and the economic analysis of risk and both environmental and man-made hazards. She has been hired by the College to lead a new Center for Natural Hazards Mitigation and Avoidance, where she will serve as Director, as well as being a Professor in the Economics Department.

This has also been a year of change in administration at ECU. Most of you know that the University Chancellor, Dr. William Muse, and the

Provost, Dr. William Swart, both departed those positions last fall. Thus ECU operated under the direction of an Interim Chancellor, Dr. William Shelton, and an Interim Vice-Chancellor for Academic Affairs, Dr. James Smith, for most of the academic year. They well maintained the smooth functioning of the University, and continued to advance its primary objectives and areas of emphasis: human health, teacher education, economic development, and true prominence in the fine arts. In March, the University concluded a successful search for a new Chancellor when Dr. Stephen Ballard, Provost and Vice Chancellor for Academic Affairs of the University of Missouri-Kansas City, was appointed. We are very excited by his appointment, and expect great things for the University, the College, and the Department from his tenure.

The Economics Department continues to play a key role in the development of the College and the University. We continue to be one of the larger departments in terms of students, regularly granting some 70 – 80 undergraduate (BA, BS) and 10 - 14 graduate (MS) degrees every year. And we continue to successfully place graduates in medical school, law school, and other graduate programs, as well as

in good jobs. In the course of the past year we have added two new degree options: a 'Degree in Three' BA, and a five-year BS/MS degree. Together with our honors option, this gives students six routes to that key to a good job, an Economics Degree!

Another important development in the Department has been the initiation of an Advancement Council, a small group of active alumni who are committed to helping the Department achieve its goals in providing an outstanding and useful education to our students through the support of teaching, enrichment and research activities. The Advancement Council is to serve as an advocacy group, both on and off campus, and will help promote a positive image and good relations for the Department, the Harriot College of Arts and Sciences, and the University. The first Chairman of the Council is Mr. John Osborne, an Economics graduate in the Class of 1969. See below for other initial members of the Council. If you are interested in being involved, please send me a letter or email letting us know of your interest.

Read about some of the other happenings from this year in the stories and features inside of this newsletter. Despite all the changes, remember that some things remain as they were when you were a student here — the strong commitment of the faculty to excellent teaching and scholarship and to the success of our students in whatever endeavor they pursue after

graduation. We look forward each year to this opportunity to keep in touch with you. We ask that you keep in touch with us, also. Drop us a note and let us know what you are doing.

Richard E. Ericson
Chair, Department of
Economics

Graduate Director

New from the Graduate Program...

They come and they go. With our one-year accelerated Master' Program even before we finish with one cohort another one arrives. For the class of 2003-2004 only a final course or an incomplete are left to finish. For the class of 2004-2005 graduate school begins in second summer session.

While most students have been too busy over the past 12 months to search for jobs, this year's class has done well in terms of post-Master's study. Kevin Meng will attend Indiana University where he hopes to teach Math and study Economics. Amy Zhu, who at first didn't think she was up for a PhD, earned a full assistantship and tuition waiver at North Carolina State. Teja Sayanak will join her husband in the PhD program at Southern Illinois. Hui "Sunny" Sun will begin her Master's in Accounting at Chapel Hill this week. Jessica Mai will be attending Rutgers University this Fall. Finally, Brett Joyal found the job he wants with the NC State Retirement System. The incoming class is as diverse

as ever. In addition to about six returning ECU economics grads, we will have students from India, China, Taiwan, and Korea. Less certain for the Fall are students from Uzbekistan and Nepal. We are currently working with the Math Department in updating elective choices for those who want to continue in a PhD program.

In closing, the ECU master's program continues to reflect the hard work and commitment of both faculty and students. As always, we judge the success of our programs by the success of our students.

John Bishop
Director of Graduate Studies

Fact: Economics has awarded 77 MS degrees since the program began, 13 in 2003-2004.

MILESTONES



The first annual "Economic Society-Advancement Council Dinner" took place at the Brook Valley Country Club on Tuesday, April 20th. It was attended by 4 alumni, including 3 advancement council members, 25 students and 9 faculty and preceded by a friendly competition on the golf course.

MILESTONES CONTINUED

On June 1st 2004, Haiyong Liu received a \$20,000 research grant from Association of Public Policy Analysis & Management (APPAM) for his proposal titled “Publicly Provided Health Insurance, Maternal Employment, and Child Health.”

Dr. Mark Holmes departed for a position at the Cecil G. Sheps Center for Health Services Research, UNC Chapel Hill. We wish him the best of success in his new position.

Dr. Carson Bays’ third granddaughter, Wesley Anne Barnes, was born January 23rd to daughter Jessie and son-in-law Rob.

Dr. Craig Landry successfully defended his PhD dissertation on January 23, 2004.

The Economic Department Advancement Council was formed. It’s initial members are:

- ❑ John Osborne, 1969 graduate, Senior VP, First Citizens Bank.
- ❑ F. Martin Leary, 1992 graduate, CFO, IKex, Inc.
- ❑ Scott Shook, 1993 graduate, Assistant VP/Investments, Bank of America Investment Services, Inc.

GRADUATION

Eighty one undergraduates and ten graduate students were recognized for completing their degree requirements in Fall, 2003 and Spring, 2004.

Martin Simmons received the *Student of the Year* award.

Drew Davis and *Kevin Lamm* were selected to receive the *Robert H. Wright Alumni Leadership Award*. “The Robert H. Wright Alumni Award is designed to be the most prestigious award presented to seniors during annual

commencement exercises. The award is to recognize academic achievement at ECU, service (both to the university and the community), and leadership qualities (both potential and exhibited). The recipients should exemplify those special characteristics which would cause him or her to be recognized as one who will make a positive difference in his or her profession and community.”

Dr. Nicholas Rupp was selected as the *Outstanding Faculty Member for 2003-2004*.

BA/BS Graduates

Virginia H. Adcock
Samuel T. Anderson
Armin Asady
Gregory R. Asbury
Tiah S. Austin
Joseph M. Beane
Justin P. Berlepsch
Paul R. Black
Jonathan D. Blackard
Joshua E. Blakely
Sean P. Bowers
Michael D. Bruton
Hunter E. Butler
James J. Canny
Joel R. Champion
Justin C. Church
Christopher M. Cloer
Jennifer L. Cole
Nigel R. Conway
Suzanne K. Cotty
Adrian L. Cullin
Drew E. Davis
John B. Dexter
Keith A. Esarey
Brian S. Fulghum
Jonathan L. Gurley
Jonathan J. Hitchler
Andrew M. Hollingsworth
Michelle S. Jacobson
Aaron E. Jones
Gwendolyn A. Jones
Stephanie N. Kilson
Christopher J. Kimball
Kevin M. Lamm
Joseph A. Leonard
Jacob E. Mahan
Jamie L. Marshall
Heather L. Martin
Jennifer S. Martin

Jeremy R. May
Joshua P. Moore
Bryan D. Moss
S. Robert Mullis
Kenneth H. Nealy, Jr.
David M. Nelson
Gregg E. Neumann
Nancy M. Newkirk
Jamie K. Nobles
James W. O’Connell
David C. Outland
Marcelo M. Pariz
Justin D. Pender
Charles B. Phillips
Bryan C. Pollock
Jeffrey D. Poole
Brandon L. Rainer
Jonathan N. Reed
Arthur J. Rich
Sidrick D. Roberson
Robert W. Ross
Geoffrey A. Sands
Robert T. Seawell
Kristin K. Seery
Melvin A. Siaki
Martin L. Simmons
James C. Steele
Matthew R. Stojakovich
Bryan M. Summers
Robert F. Temple
Bradley J. Tesh
Robert J. Titelman
Elizabeth A. Waller
Kevin P. Walsh
John C. Watson
Douglas A. WhitlowII
Ashley B. Wilkie
Corey A. Wilson
Christian L. Wirth
Amatrese L. Woodberry-McNeil
Andrew R. Wright
Ryan L. Yow

2004 MS Graduates

Tuvshintulga Bold
Ayana I. Coleman
Reshma C. Karnik
Qi Meng
River R. Pinkham
Phelicia S. Price
Tejashree S. Sayanak
Hui Sun
Jamelle K. Ushery
Yan Zhang Ying Zhu



Profile of a Prof

Full Name: Haiyong Liu

Nicknames: Haiyong

Place of Birth: Changzhi, China

Marital Status: Married

Children: Expecting a girl in this summer

Brothers and Sisters: One sister

Educational Background: PhD in Economics, UNC-CH; B.S. in Economic Geography in Peking University

What words come to mind when you look in the mirror? What's happened with that young and handsome boy?

Favorite childhood memory: Playing firecrackers with my pals on Spring Festivals.

Books or magazines you are currently reading: **Book:** The Price of Loyalty
Magazine: Scientific American

Favorite movie: (openly) The Shawshank Redemption; (Secretely) The Rock

Favorite television shows: NBA on TNT/ESPN/ABC

Favorite song: California Dreaming

Hot topic you couldn't care less about: Anything about baseball (Trade of A-Rod, Steroids, etc.)

Hobbies: Playing soccer, watching movies, and swimming,

Strangest job you have ever held:

Selling shoes in a fair when I was 15

What makes you laugh? A good joke from Letterman

Favorite meal: Babyback ribs

Least liked food: Innards

When you want to get away from it all, where do you go? Movie theatre

Favorite item of clothing: T-Shirt

Best present you ever received: A model car from my mom when I was 13 although I broke it on the next day.

One little-known fact about you: I am still playing goalie for a soccer league.

One thing you would never do: Appear on that Fear Factor Show.

Secret Ambition: Become a real doctor

Achievement of which you are most proud: Winning a big award for riddle-solving in college.

Pet peeve: finding a parking space when there is none.

Favorite way to blow off steam: playing sports

Most valuable lesson you've learned so far: If you don't like something imposed on you, probably you shouldn't impose it on anyone else either.

Person you'd give the most to meet: Yao Ming

One thing you do better than anyone else: Learning to operate a new gadget

One thing you've never been able to do: get up 5 am and jog

What gives you the creeps? Bugs

Best advice your father ever gave you: Stay healthy

One thing you would change about yourself: Taller /or being able to jump higher so that I can slam dunk a ball.

People who knew you in high school thought you were: the teacher's pet

Who would you like to trade places with for a day? Larry King or David Letterman

Personal Strength: Curiosity

Personal Weakness: Curiosity

What would be your perfect evening? Early dinner and live ball game at Smith Center, where tar heels beat duke by 1.



Profile of a Prof

Full Name: Craig Elliott Landry

Nicknames: None

Place of Birth: Lake Charles, Louisiana

Marital Status: Married to Kristen since 2001

Children: None

Brothers and Sisters: Sean (4 years older)

Educational Background: BSA - Georgia (1996); MS - Georgia (1999); MS- Maryland (2002); PhD- Maryland (2004)

What words come to mind when you look in the mirror? Nose, grey, thin, stubble...

Pets: Perry the Cat

Favorite childhood memories: Going to see KISS with my Mom; BMX freestyle biking with friends

Books or magazines you are currently reading: Book Biography of Stanley Kubrick

Favorite movies: The Godfather; Rushmore; Star Wars - a New Hope; Dazed and Confused

Favorite television show: The Simpsons

Favorite songs: I am the Walrus (Beatles); Where is My Mind? (Pixies); Ashes to Ashes (David Bowie); Rebel without a Pause (Public Enemy)

Favorite musical performers: Jane's Addiction; Built to Spill

Hot topic you couldn't care less about: Martha Stewart

What your friends say about you behind your back: "What a nice fellow"

Hobbies: Music, reading, hanging out with my wife

Strangest job you have ever held: Toy store sales clerk

What makes you laugh? Homer Simpson; Perry the Cat

Favorite meals: The Grit's "Golden Bowl" (vegetarian restaurant in Athens, GA); cheese enchiladas

Least liked food: Fast food

When you want to get away from it all, where do you go? The beach

Favorite way to splurge: Food, wine, and song

Favorite item of clothing: Flip-flops

Best present you ever received: Honda Accord

What one moment in your life would you like to do over again? First time in New York City

One little-known fact about you: Played drums in an "art-rock" band in college (Athens, GA)

One thing you would never do: Rubber-neck while driving past an accident

Secret Ambition: Professional snowboarder

One thing you can't resist: Guinness draught

Achievements of which you are most proud: Marrying a terrific woman; PhD from Maryland

Pet peeves: Laziness; closed-mindedness

Favorite way to blow off steam: Running; Ultimate Frisbee

Most valuable lesson you've learned so far: Empathize

Person you'd give the most to meet: Miles Davis

One thing you do better than anyone else: Roux Gumbo

One thing you've never been able to do: Juggle

What gives you the creeps? Deep water; zombies

Best advice your father ever gave you: Work hard

One thing you would change about yourself: Bad knees

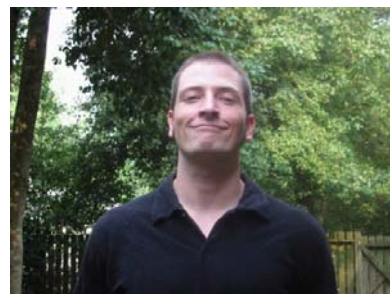
People who knew you in high school thought you were: Smart

Who would you like to trade places with for a day? Thurston Moore

Personal Strength: Perseverance

Personal Weakness: Irresolute

What would be your perfect evening? ½ hour set by Pavement (the rock band), screening of RUSHMORE, candle-lit dinner on the ocean, followed by stargazing on the beach (with Kristen, of course)



Macro Corner

Hello out there boys and girls! Time for another chat with messengers Parker and Rothman. This year we have two things in particular on our collective minds, both of which nobody seems to want to mention -- that makes it fair game for us. We wish to discuss the finer points of gasoline prices and outsourcing.

First, let's look at gas prices. As revealed by the data below, they are still very normal in historical perspective. The table below contains the CPI, the price of west Texas intermediate crude oil, and the inflation-adjusted price of crude oil. Notice that the inflation-adjusted price of crude oil is not out of line with where it was during the mid-1980s. or the first quarter of 2003, and remains well below the crazy days of the mid-to-late 1970s. Today's \$2.00 per gallon is a deal compared to the inflation-adjusted price in 1980 of \$2.80. Or put another way, today's gas price per gallon is \$.89 in 1980 dollars. If we extended the data back further, we would see the real price per gallon is about where it was in the 1950s. Now the clincher. Real income per capita in the 1950s was about half of what it is now. So, gasoline was taking a much bigger budget share of household income then compared to now (see Jeff Jacoby's editorial May 20, 2004 in *The Boston Globe*). Hardly any reason, we suspect, to tap into the strategic oil reserve.

Date	CPI	P-Oil	Real P-Oil
1973:01	42.70	3.56	8.34
1974:01	46.80	10.11	21.60
1975:01	52.30	11.16	21.34
1980:01	78.00	32.50	41.67
1985:01	105.70	25.64	24.26
1990:01	127.50	22.64	17.76
1991:01	134.20	24.96	18.60
1995:01	150.50	17.99	11.95
2000:01	169.30	27.18	16.05
2001:01	175.60	29.58	16.85
2002:01	177.60	19.67	11.08
2003:01	182.20	32.94	18.08
2004:04	187.60	36.69	19.56

Nevertheless, something is driving gas prices higher, so what could it be? Could it be OPEC? Yes, they are part of the story, but with their market share eroding from 70% of the world oil market in 1973 to today's 33%, they are less of a factor all the time (ah, the second law of demand has put a plague on all their houses). Could it be demand from the scorching Chinese economy? Yes, this is a large part of the answer. We and the Chinese have an interest in a free and civilized Middle East to keep the oil flowing, but just as their behavior regarding North Korea reveals, they act like they don't have a dog in this fight. Their incorporation into the World Trade Organization and subsequent economic expansion is pushing up oil prices. Lastly, could it be that we in the United States do not have a fungible supply of gasoline (that is, gas produced for North Carolina can't be sold in California) because each state has its own required blends? That sounds right to us. The gas prices in California are so wacky

because they have the strictest environmental requirements on gas blends, and production from the rest of the country can not be used to alleviate shortages in San Francisco. Never mind the ethanol requirements of Midwest gasoline. There is plenty of oil in the ocean. There is plenty of oil in Alaska. We could drill for more oil in both places, but don't. Some value the resources and want to develop them for our use. Some wish to preserve these states of nature, and neither side can say the other is wrong or irrational. So be it. But then, don't complain to us about high gas prices. You can do one or the other, but not both. Don't complain about high gas prices and prohibit drilling... we won't listen to such economic nonsense!

This brings us to the greatest economic nonsense we have heard in some time. The fury over outsourcing, and the subsequent vilification of Council of Economic Advisors Chairman N. Gregory Mankiw, strikes us as just the type of debate that sets us economists apart from the rest of the world. As Dr. Mankiw explained in his Congressional testimony, outsourcing is just a new and different way to trade. Instead of shipping goods with trucks and ships and planes, we can now trade over the broad band. Have and MRI done and chances are it is read in Australia and the report shipped back over the internet in 20 minutes for \$20. This is a terrible burden placed on the American economy, don't you think? Total nonsense!

Don't like outsourcing?
Suppose someone tell us then how you would propose to stop it? It can't be done. Does it cost jobs? Yes, in the short run, just as technological innovations have reduced the percentage of the population in agriculture from 80% in 1860 to less than 2% today. The automobile destroyed the mule breeding business, the telephone cost all those telegraph operators their jobs, and so on. In the system of competitive capitalism in which we exist and thrive, and the system which continues to provide better standards of living for ever greater numbers of people, you adapt to this "creative destruction" (to use the works of Joseph Schumpeter) or you wed yourself to poverty and

stagnation. It is not the government's job to say "we want this many jobs in this location for these many years in the future." That is called planning, and if it worked the Soviet Union would still exist and would be the wealthiest of all nations. It didn't, and it is not. It is the market's task to create new jobs when others are destroyed. Where are they going to be? We can't say any more than people could forecast the computer revolution. But 25% of our workforce today is employed in jobs for which the Census Bureau did not have occupation codes in 1967. Why would we suspect this dynamic process to stop suddenly in 2004? It won't as long as the market is left to function properly and our labor force remains

nimble. It is the government's job to help workers in transition from displaced industries, and to provide the opportunity for education and training so that the workforce can fill the jobs of the future. Your economic training compels you to view outsourcing as a beneficial and positive economic innovation. Don't "go wobbly" on this point, as Margaret Thatcher said to President Bush (#41) about Gulf War I. You don't think so? Do you view outsourcing as an economic evil? Send back your class ring c/o Drs. Parker and Rothman, Department of Economics, ECU, Greenville, NC 27858.

Take care until next time!
Best regards,
Drs. Parker and Rothman



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