

- [To Our Alumni](#)
 - [Business Card Contest](#)
 - [Macro Corner](#)
 - [The Chair's Column](#)
 - [The Prof vs. The Pros](#)
 - [Graduate Program](#)
 - [Where Are They Now?](#)
 - [Economics Society](#)
 - [Milestones](#)
 - [e-mail Addresses](#)
-

Last updated: September 26, 1997.

[Back to](#)

[Back to](#)

April 1997 Ž vol. 3 no. 1 *a Newsletter for ECU Economics Graduates*

Dear Alumni,

In the last few weeks, we've received phone calls, cards, e-mail messages, and even some visits, from our alumni. It's great to hear from you! When you get that new job or big promotion, we'd like to know about it. You are our success stories.

Here at ECU, Ayour@ economics department has some success stories of its own. Be sure to read about our achievements in Dr. Bays' "Chair's Column."

For the past two semesters two professors, Drs. Parker and Ghent, have made special efforts to recruit new majors from the macro principles classes. The "Randy and Linda Show" has helped increase our majors from 47 in 1995 to nearly 100 in 1997.

One of the questions new majors often ask is, "What can I do with a degree in economics?" We like to tell them what our alumni are doing - you can help us by participating in the "Business Card Contest." See the announcement on this page.

Our MS program is off to a good start. If you have friends who are considering graduate school, and might be interested in a career in health or resource economics, please share Dr. Bishop's column with them.

Most important, we wish you well, and hope you're making a successful start on your career. Do keep in touch - I'm including e-mail addresses for all economics professors in this newsletter. Send us a message -we appreciate contact with the world outside Greenville!

Best Regards,

Marjorie Baldwin

Alumni Co-ordinator

We are often asked by prospective majors what types of jobs are available for graduates with a degree in economics. You can help us answer this important question. We would like to exhibit the business cards of our alumni on a bulletin board in the economics department so that current students can see the wide variety of opportunities available for our majors.

To provide further incentive to send us your card, we are holding a contest!!! That's right...we are going to hold a drawing with the business cards we receive.

First Prize: A brand new, "hot-off-the-press" Economics Society T-shirt!!

Second Prize: a "get-'em-while-they-last" official Department of Economics coffee mug.

So...send your business card today to:

Dr. Linda Ghent

Department of Economics

Brewster Building A-427

Greenville, NC 27858-4353

DON'T DELAY.....

SEND TODAY!!!!

EQUILIBRIA UNLIMITED

Elmer Economist

Market Specialist

Free Market Highway

Anywhere, USA

The economy continues to grow merrily along, now having sustained the current expansion for 73 months. This qualifies it as the third longest expansion since WWII (the 60s expansion lasted 106 months while the 80s expansion went 92) and substantially surpasses the post-WWII average of 50 months. Sooner or later we'll have another recession. Will Mr. Clinton leave office without a recession happening, thus making this the longest expansion ever?

It's possible. But the laws of probability and the smart money say don't bet on it. More on this later.

A juicier new area of research and debate on Macro Corner is the consumer price index (CPI) and how it mismeasures inflation. Back when the world changed more slowly, and a washing machine and all other manufactured goods were pretty generic, as their price changed over time, there was little problem measuring this change and knowing what it meant. Now, with the quality of goods changing more rapidly and new goods being introduced more quickly than ever before, what does it mean to use "the cost of a fixed market basket of goods" to measure inflation? This is especially the case since it implies static consumer behavior in a churning, dynamic marketplace. The upshot is that the CPI does not accurately measure inflation. In fact, Michael Boskin (President Bush's Chair of the Council of Economic Advisors) has recently presented a comprehensive report to the Senate Finance Committee regarding the problems with the CPI and how they might be corrected. He estimates the CPI over-measured inflation by an average of 1.1% per year for the past 25 years with a range between .8% - 1.6%.

Let's do some back-of-the-envelope calculations. Given this is true and forgetting about compounding, then real economic variables have been over-corrected for the effects of inflation by approximately 25%. Are you ready for this? Our \$7.5 trillion economy is really \$9.375 trillion because an inaccurate CPI lopped off the other \$1.875 trillion and threw it in the statistical correction factor bin. This is absurd! And what about those plummeting real wages? The overblown CPI has let the air out of them too. They're really at least 25% higher than all the chicken littles blather about. The stakes are high because a minimum of 25% of the doom and gloom of the American economy just vanished into thin air. And of course this doesn't begin to talk about how the Gray Panthers will roar when we don't increase Social Security in the future by as much as we have in the past (even though the point is to accurately index it 100% to inflation). Stay tuned on this topic, we're sure it will be a real feeding frenzy, just watch 'em.

Back to the business cycle. Give credit to "His Royal Highness" Alan Greenspan for the longevity of the current expansion. He and Paul Volker are the only two Fed Chairs in our lifetimes who have understood that monetary policy can and *should* (there's that word) be used to achieve price stability and not unemployment goals or both. We have been the benefactors. But also give a crumb of credit to the Clinton administration. Robert Rubin at Treasury and his following at least have squelched any Fed bashing by the administration that might have otherwise occurred. This is important and makes a tough job like running the financial markets of the world a whole lot easier. Paul Volker claimed it mattered greatly that he could pursue policy back in the 80s knowing that Ronald Reagan was not going to publicly castigate his decisions. Let's hope Clinton keeps acting like Reagan, for the sake of our economy.

Lastly, remember that 1/2 of 1% is a great deal when compounded over time. If we could increase our long-run rate of economic growth by 1/2 of 1% and sustain it, the result boggles the mind. In 50 years our GDP would be \$32.85 trillion at 3% growth, which is our current long-run average. If we instead had 3.5% long-run average growth, in 50 years our GDP would be \$43 trillion. A ten trillion dollar bonus, bigger than our whole economy as it now stands, for a measly 1/2 of 1% increase. That is a load of cash for your progeny. It is also why economic growth theory is the hottest thing hanging around Macro Corner.

Our Best Regards,

Drs. Parker and Rothman.

Measuring Output of a University

The ideas of profit, self interest, and competition are important parts of an economist's tool kit. We use these ideas to understand everything from the pricing of corporate stocks to the pattern of political campaign contributions. But how do we explain behavior when there is no formal "profit?" In particular, how do we model the behavior of a "nonprofit" enterprise? If you took

health economics from **Drs. Ghent** or **Schumacher**, you may recall pursuing this issue in the context of nonprofit hospitals. Another interesting application is to our own university.

Total enrollment at ECU grew steadily through the 80's and peaked at nearly 18,000 in 1992. Enrollment has fallen slightly since then as a result of broad demographic changes in the age structure of the population that have affected all universities. Because annual budgets depend on the number of students enrolled, universities have a strong incentive to offset enrollment declines by trying new ways to attract students.

If you have been on campus lately, you have noticed many physical changes in the University. The most significant is the major renovation of Joyner Library that will convert it into a modern research facility for students and faculty. The new Student Recreation Center opened this year, a major addition to the Wright Place was dedicated in March, and the seating capacity of Dowdy-Ficklen Stadium is being substantially increased. Such improvements are some of the ways universities compete with each other to make themselves more attractive to potential students.

Attractive physical surroundings are obvious advantages to a school when competing for students, but a more important determinant of the quality of a university's product is the nature of its academic programs. The human capital students accumulate at ECU is what makes their investment of time and money worthwhile. The problem is that program quality is much less obvious to prospective students than is the physical environment.

Research

Program quality is hard for prospective students to assess, and difficult for the university itself to measure accurately. But we try. At the end of each spring semester, all departments formally report their activities for the year in the areas of teaching, research, and service. Your Department of Economics has done very well on these measures in the last few years. For example, the most significant measure of a department's scholarship is the extent to which its faculty publish research in refereed journals. Among the 17 departments in the College of Arts and Sciences, Economics has had the highest rate of such scholarly output for the last several years. For the 95-96 academic year, the Economics faculty published articles in refereed journals at almost triple the rate of the College as a whole, and at a rate more than 60 percent higher than the next most productive department in the College.

Although we are proud of this ranking, it is important to keep the comparison in perspective. Refereed publications are the main measure of research productivity among economics and most other traditional disciplines, but some departments, such as Theater and Dance, demonstrate scholarship in other ways. Perhaps a fairer measure of our productivity would be to compare our publication rate with that of similar departments, such as those within our School of Business. Against this more narrowly drawn comparison group, Economics still ranks well: our faculty publish research in refereed journals at nearly twice the rate of the faculty in the five departments of the School of Business.

Teaching

Anytime one boasts of success in producing publications people are likely to ask whether the success reflects a neglect of teaching. I hasten to point out, therefore, that our faculty has received widespread formal recognition for leadership in teaching. The University Alumni Award for Teaching Excellence has been bestowed on **Dr. Marjorie Baldwin** (92) and **Dr. Lester Zeager** (95); **Dr. Zeager** was also designated a UNC Distinguished Professor for Teaching (95); and **Dr. Randy Parker** was a finalist for the Alumni Award twice (89, 96). In addition the Economics Society has recognized as a Teacher of the Year **Dr. Baldwin** (95) and **Dr. Philip Rothman** (96).

Perhaps the most important measure of the effectiveness of our teaching, however, only becomes evident over time as our graduates enter the job market or pursue further academic study. This long run perspective is on the value-added you received while you were with us. If you have found certain courses or degree tracks particularly useful to you, or if certain courses now appear to **not** have been a good investment, we would like to know. The core requirements of our undergraduate degree programs have changed little over the years, but we have made substantial changes in the structure of the cognates, partly in response to the experiences of our graduates. The new Applied BS degree was designed to give students a set of skills that will be useful in working for private firms or nonprofit enterprises. The option was created largely in response to reports from alumni regarding their job experiences.

The most important way of measuring our effectiveness as educators therefore requires information from you, our alumni. So please let us hear from you. I promise we will be attentive.

Carson Bays

Chair

Stock Picking Contest

The results of the 1996 stock picking contest are in. And the winner is --- Dr. Bishop!! Dr. Bishop selected Vanguard's INXTOT (an index of the total stock market) mutual fund, which rose by 18.6 percent over the eleven-month contest period.

His competitors (LeRoy Martin and Mike Jones) selected funds that increased in value initially, but ultimately lost value. Congratulations to Dr. Bishop and condolences to the young fellows. The disciples have not yet overtaken the master!

With his win, Dr. Bishop has earned the right to compete in the 1997 contest. This year his opponents will be Harold Liles (92) and Prudence Woo (97).

Harold is currently employed as a Finance Officer with the NC

Dr. John Bishop

Pick: Vanguard Index 500

Department of Commerce. He reviews and approves Industrial Revenue Bonds and helps recruit out-of-state companies to relocate in NC. Prudence is finishing her final semester at ECU and has accepted a position with Olde Discount in Raleigh. She begins work as a stockbroker trainee on June 2.

A quick review of the rules: the objective of the contest is to obtain the highest return on a hypothetical investment of \$100,000 in the stock market over the 11-month period

Harold Liles

Pick: Electronic Data Systems

beginning April 1, 1997. Contestants may invest in any individual stock or mutual fund reported in the *Wall Street Journal*. The value of each contestant's investment will be evaluated by Dr. Zeager on March 1, 1998 and the winner announced in next year's newsletter. One change from last year's contest: contestants may sell their holdings once during the year and re-invest in another stock or fund.

Watch for the results next year - is Dr. Bishop unbeatable?

Prudence Woo

Pick: Benham Fund

Well we're off! The MS in Economics Program began this Fall with three full-time and two part-time students. Seven graduate courses have been taught: Math Econ (**Baldwin**), Micro Theory I (**Zeager**), Econometrics I (**Huang**), Environmental Econ (**Whitehead**), Macro Theory (**Parker**), Micro Theory II (**Haab**) and Econometrics II (**Rothman**). The new graduate students appear to be a bit pale and fatigued—just like we like them!

Like any new enterprise, the program has required some revisions along the way. Changes have come in four areas: adjustments to the core, new elective fields, credit for course work in other departments, and a one-year program for our majors.

In the core of the program we have increased the emphasis on quantitative analysis and reduced the emphasis on theory. We are looking at the job market and asking ourselves what we can do to best prepare our MS students for jobs as analysts.

Following up on the market approach to designing a graduate program, we have added a new health economics option. We are excited about this new development—with more than 15 percent of GDP devoted to health care we think it will be a winner. **Dr. Baldwin** has agreed to coordinate the health economics option with input from **Drs. Bays, Ghent, and Schumacher**, all of whom count health economics among their fields of expertise. Pitt County Hospital and a local regional development group are interested in offering summer internships.

The third development, allowing students to take courses in other departments, is designed to allow students to tailor their programs to specific interests. For example, courses in Allied Health may be useful for students interested in the health option. **Dr. Rothman** has agreed to offer a graduate class in time series forecasting. This course together with electives in finance or decision science is another option. We will continue to offer electives in natural resources and public sector economics.

The final innovation is restructuring the course sequence so that our own majors can finish the MS program in one year. Because ECU allows students to receive credit toward both their undergraduate and graduate degrees by taking 5000 level classes, to finish in one year requires that a student take just two 5000 level classes as an undergraduate.

I would like to invite any interested alumni to contact me if you are considering graduate school. Or, if your company has positions our graduates might fill, let me know!

John Bishop

Graduate Program Director

Glenn Scott (95) has accepted a new position with the American Bankers Association in Washington, DC. If you'd like to contact Glenn, his e-mail address is gscott@aba.com.

Tony Rowe (94) is the manager of Import Operations for the Customs Department of General Electric Co. in Fort Myers, FL and recently received his Customs Broker License. anthony.rowe@corporate.ge.com.

Charles Russell (92) is working with PennCorp Financial Services as a Project Manager in the Information Technology department in Raleigh. He received his MBA from ECU in 95. russe001@raleigh.penncorp.com.

Chris Archer (95) is the events coordinator for US Amateur Boxing. Last fall, Chris ran the New York City marathon in 3 hours 59 minutes - finishing 9640 out of 33,000. Watch for him this fall - he'll be the one wearing boxing gloves!

Put Up or Shut Up

Ah! Smell that? Must be the ping of aluminum on leather as a member of the Economics Society Softball team fouls off another slow pitch. With the 1997 Intramural Softball Season rapidly approaching and memories of the 1993 2SS Co-Rec Championship fading fast, intolerable pressure is on the Economics Society Intramural Sports teams to produce another winner.

Yes, we have experienced another year of predictable frustration in softball, football, AND basketball. But, this is not to say that (1) we did not have fun and (2) several Economics majors have not shown themselves to be excellent people and athletes (so stop laughing!). To the contrary, Intramural Sports is still the gosh-darned most thrilling bit of interaction between students and faculty (well, maybe finals week is still the MOST thrilling). And, if we had a few more Rob Callahans, Derek Pzennys, Chad Schremps, Michael Turners, and Prudence Woos (or more non-economics majors recruits) we might win a few more games.

Anyhow, our records for the past 12 months were:

Football (Fall 96)

1-4 (Lost in first round of playoffs)

Men=s Softball (Spring 96)

2-2 (Lost in first round of playoffs)

Co-Rec Softball (Summer 96)

1-4 (Lost in first round of playoffs)

Basketball (Winter 97)

2-2 (Lost in first round of playoffs)

OUCH!

Follow the progress (?) of ECON Society IM Sports at the Economics Society Home Page, URL:

<http://ecuvax.cis.ecu.edu/academics/schdept/econ/society.htm>

John Whitehead

The economics department is pleased to announce that **John Whitehead** has been appointed Acting Director of the Coastal and Marine Studies program at ECU. John joins other professors from the College of Arts and Sciences to offer a minor devoted to the biological, physical, social, and historic aspects of coastal and marine resources. Field trips to the Dismal Swamp included.

During Fall semester 1996 the department was honored to have **Dr. Wayne K. Talley** join us as a Visiting Distinguished Professor of Economics. At ECU Dr. Talley served as the Rivers Chair of International Studies and taught a topics course in transportation economics. Dr. Talley came to us from Old Dominion, where he is the Frederick W. Beazley Professor of Economics in the College of Business and Public Administration. It was a privilege to have a nationally known expert in transportation economics with us, and during his stay we even managed to convert Dr. Talley into a Pirate Basketball fan!

On February 2, 1997, **Phil Rothman** and wife, Sasha Shlapentokh (mathematics) welcomed daughter Michal Malka to their family. Michal joins big brother Yakov who says his new baby sister is AOK.@

Tim Haab and wife Beth are the proud parents of a baby girl, Abigail Cora, born July 20, 1996. In May they will take Abby to Hawaii to visit her grandparents - she=s too little

for surfing but perhaps Tim will try?

))))))))))))))))))))))))))))))))))

ecbays ecparker

ecbaldwi ecross

ecbishop ecrothma

ecghent ecschuma

echaab ecwhiteh

echuang eczeager

You can reach us :

@ecuvm.cis.ecu.edu

Department of Economics

East Carolina University
Greenville, NC
27858-4353

East Carolina University is committed to equality of educational opportunity and does not discriminate against applicants, students, or employees based on race, color, national origin, religion, sex, age, sexual orientation, or disability. An equal opportunity/affirmative action university, which accommodates the needs of individuals with disabilities.

350 copies of this public document were printed at a cost of \$134.50, or \$.38 a copy.

Printed on recycled paper.