

December 16, 1983

Greetings:

This fall the University had a winning football season for only the third time in 31 years, and we can look forward to good basketball even though we'll be without Ralph Sampson. The biggest University news of the year was probably the win by James S. McCarthy and colleagues in the Physics Department of a National Electron Accelerator design competition. As a result an accelerator is planned for construction in Newport News, Virginia, with federal funding of about \$400 million expected. But of course my main aim, once again, is to bring you up to date on events in Rouss Hall.

Last summer more students were graduated than we can expect for some time to come. Two hundred fifty-six undergraduate degrees were awarded. And thirteen Ph.D. degrees were awarded along with six M.A. degrees. For the first time, a Departmental graduation ceremony was held and it filled Cabell Hall auditorium. The ceremony was well received, although the rain was not.

Let me single out two other very happy events of recent months. In August Marjorie Flavin and James Hamilton, two assistant professors in the Department, were married and the wedding at the University was beautiful. In November the Graduate Economics Club threw a birthday party for Tipton Snavely in the Snavely Library. He is 94, and as delightful as ever.

The only change made in the graduate program this past year is the addition, effective next year, of a Ph.D. field in financial economics. Many recent developments in economics can be tested in financial markets, where information is disseminated quickly, so the study of financial markets offers a good opportunity for increasing knowledge. And financial markets obviously play an important role in the allocation of resources.

You may have seen the rating of social science departments, sponsored by the Conference Board of Associated Research Councils, that was published last spring. It placed the Department in a tie with Cal Tech and Duke for twenty-third rank in faculty quality. Among public institutions we were eighth (the University of Minnesota was first in that category). The Department faculty continues to be young and active. James Berkovec, who completed his Ph.D. dissertation last summer at M.I.T., joined the faculty this fall as assistant professor. Ed Olsen was promoted to full professor. Among tenured faculty we were very sorry to lose Robert Flood, who moved as a full professor to Northwestern. But we were extremely pleased to have Charles A. Holt, Jr. join us as associate professor from the University of Minnesota. Some of you will remember him from his visit in the 1979-80 year.

As you probably also know, Herb Stein is president of the Southern Economic Association. He has also been elected to membership in the American

Academy of Arts and Sciences and serves on President Reagan's Economic Policy Advisory Board. John Whitaker serves as President of the History of Economics Society, which held a very successful conference here last May. Incidentally, the Virginia Social Science Association will convene here March 30 and 31, 1984. Let me bring to your attention recent and forthcoming books by faculty:

William Breit and Kenneth G. Elzinga, The Antitrust Casebook: Milestones in Economic Regulation, Dryden Press, 1983.

Edgar K. and Jacqueline M. Browning, Microeconomic Theory and Application, Little Brown, 1983, and also Public Finance and the Price System, 2nd ed., Macmillan, 1983.

W. Block, G. Brennan and Kenneth G. Elzinga, eds., The Morality of the Market: Its Religious Implications, The Fraser Institute, forthcoming.

Herbert Stein, Presidential Economics: The Making of Economic Policy from Roosevelt to Reagan and Beyond, Simon and Schuster, forthcoming.

I.J. Singh, L. Squire and John Strauss, eds., Agricultural Household Models: Extensions, Applications and Policy, The World Bank, forthcoming.

William Wood, Insuring Nuclear Power: Liability, Safety and Economic Efficiency, JAI Press, 1982, and also Nuclear Safety: Risks and Regulation, American Enterprise Institute, 1983.

Leland B. Yeager and associates, Experiencias mundiales para detener la Inflación, Ediciones tiempos, 1983, and also a translation by Leland B. Yeager, with translator's introduction, of Ludwig von Mises, Nation, Staat, and Wirtschaft, (1919) as Nation, State, and Economy, New York University Press, 1983.

This spring we shall have Charles Whiteman, a specialist in rational expectations econometrics from Iowa, and Richard Haas from the Federal Reserve Board, as our only visitors for the year because University budget cuts have been met in part by not filling vacant positions with visitors. We are bringing as many different faces as we can through our seminars and workshops, though. In Friday seminars we shall see this year David Richardson (Wisconsin), Donald McCloskey (Iowa and Princeton), Sir Alan Walters (Johns Hopkins and AEI), Steven Ross (Yale), Allan Meltzer (Carnegie Mellon), Art Laffer (U.S.C.), and William Baumol (N.Y.U.), in addition to our own Herbert Stein, Fred Singer (Environmental Sciences), and Steve Rhoads (Government and Foreign Affairs). The micro and macro workshops continue to be lively; the latter recently included appearances by Robert Barro, Jeffrey Frankel, Stephen Leroy, Michael Mussa, Robert Lucas, and Kenneth Singleton.

Despite the generally very tight budget situation we have been able to make small but important physical changes in Rouss Hall. We acquired the wordprocessing equipment I mentioned as a possibility in my letter last year, an NBI 3000 unit and a dual-head printer which prints Greek letters and mathematical symbols nicely. We also have added Kaypro and Radio Shack equipment,

the latter coming as a gift from the Tandy Corporation. We are presently renovating a former basement storage room (the one under the stairway leading into the north main entrance from the Lawn to Rouss Hall) so it can receive three cathode-ray tube terminals and a printer, to connect Rouss Hall with our central mainframe computers (a Control Data Cyber 855 and three Prime 750s). The nearby basement hall/storage/copymachine area (which has been unsightly in appearance for some time) is being cleared out so it can become a graduate student lounge, not lavish by any means but a workable solution to a real need for graduate student space. Handsome study carrels have been installed in two larger basement rooms (B-8 and B-12) to provide work areas for Instructors (nearly all of those large ancient desks that used to dominate the Rouss Hall basement have been removed). Hallways and stairwells have been newly painted in an off-white and new blue couches are in place, so the appearance is much better than it was a year ago.

These improvements were made possible to a degree by a procedural change at the University which makes money in different budget categories fungible, and by private support. Under the new University procedures the Department has given up three faculty lines in the last two years in exchange for money that can support more Teaching Assistants and Instructors. Besides adding to graduate student support, we have converted some of this money to our operating budget and used it for the Rouss Hall improvements. On the private side a most timely gift of \$25,000 over four years came from the CSX Corporation, which John Snow (Ph.D., 1966) serves as Vice President.

It was a pleasure to hear from alumni, either directly or indirectly, over the past year. Norbert Enrick (Ph.D., 1963) is a management consultant and professor of administrative sciences at Kent State University. Winn Fields (Ph.D., 1978) reported from Miami University in Ohio that his department's publications were wrongly credited to Miami of Florida in that December 1982 AER paper evaluating departments (which I referred to last year). With correct data they rank much higher. Patrick Gorman (M.A., 1981) provided a fascinating account of life at the Washington Public Power Supply System (called "Whoops"). E.C. Griffith (Ph.D., 1940) now lives at 29 Sellers Avenue in Lexington, Virginia. George Hoffer (Ph.D., 1972) is Chairman of Economics at V.C.U. Bruce M. Hurt (M.A., 1951) of 6000 Landon Lane, Bethesda, Maryland 20817 has retired from the Postal Rate Commission and is a part-time consultant. E. William Johnson (Ph.D., 1974) is Chairman of Economics at Shepherd College in Shepherdstown, WV. Dennis Leyden (Ph.D., 1976) is now Dean of the College of Business and Industry at Mississippi State University. Will McEachern (Ph.D., 1975) served as Project Director of Connecticut's Bipartisan Commission on State Tax Revenue and Related Fiscal Policy; he is now back at the University of Connecticut. George McKinney (Ph.D., 1949) is now the Virginia Bankers Professor of Bank Management in the McIntire School of Commerce. Paul Meek (Ph.D., 1956) authored U.S. Monetary Policy and Financial Markets, which was published by the Federal Reserve Bank of New York where he serves as Monetary Adviser. Charles Meiburg (Ph.D. 1960) is now Associate Dean at the Darden Graduate School of Business Administration. Jim Miller (Ph.D., 1969) continues to lead very effectively the Federal Trade Commission. E. Dwight Phaup (Ph.D., 1974) is Chairman of Economics at Union College. Roman Senkiw (Ph.D., 1974) is Head of the International Information and Assessment Department at the Bank of Montreal. William P. Snaveley (Ph.D., 1950) is Associate Dean of the College of Arts and Sciences at George Mason University. Robert Tollison (Ph.D., 1969) resigned

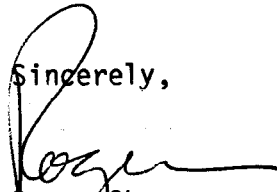
Page Four

as Director of the Bureau of Economics at the Federal Trade Commission to become Abney Professor of Free Enterprise at Clemson University and also president-elect of the Southern Economic Association.

More than a dozen members of the Department will attend the meetings coming up in San Francisco. If you are there, please drop in for a visit in my room at the Hilton the evening of Wednesday, December 28. It would be nice to see you.

Best wishes for the holidays.

Sincerely,



Roger Sherman
Chairman