

Virginia Economics

December, 1997

Dear former students and colleagues,

Greetings. The snow on the attached photo of Rouss Hall is from last winter, but the Holiday spirit is here with some students saying goodbye before they leave and others getting ready for the job market. No less important, an Experimental Economics Classroom Lab grant from the NSF allowed us to put about 20 PII/266s in the basement computer labs that are used extensively by grad students. Even better, there are big state budget surpluses being divided up by an outgoing Governor with political ambitions.

Some things will never change around here, like Mr. Jefferson's influence. The Monticello Dairy became the Monticello Brewery, complete with Brew Year's Eve Party. And last summer's micro Core exam had a question in which T_j denoted "tea for Jefferson." And as before, the first-year students still face a formidable line up in the fall semester. I came into Rouss one morning last week and encountered a group that had spent the night there after studying late for Mr. Epps' econometrics final. In case you are wondering whether the furniture in the basement has become more comfortable, let me assure you that it has not. In fact, the building probably looks much like it did when you were here. On this front, Ken Elzinga, Ed Burton, and I have recently begun to try to alter the long-delayed Rouss renovation plans. Instead of the proposed engineering fix, we are pushing for a top-quality interior space that is appropriate for the most heavily used academic building on the lawn. We are talking to Warren Cox, the Washington architect who designed additions to the Monroe Hall Commerce School, Dunbarton Oaks, the Folger Shakespeare Library, and currently a domed Jefferson Research Library for the Monticello Foundation. We believe that significant private fund-raising will help us persuade university and state officials to take on an architecturally ambitious renovation of the interior of Rouss Hall. We have received generous gifts from a number of you, ranging from former members of the office staff like Esther Cash (now with Cambridge Associates) to graduate alumni like John Snow (now CEO of CSX in Richmond). Others of you regularly send in something for Snavely Library, which is still used extensively. We all appreciate each of these gifts.

Our incoming first-year students number about 25, about 80% of whom are from the US (thanks to those of you who put in the good word). At least one of our new international students is also directly linked to UVA graduates: Gabriela Basurto-Lizaola joins the list of those from Mexico city. This Mexican mafia includes Luis de la Calle, now at the Mexican Embassy in Washington; Fernando Solis-Soberon, president of Mexican Social Security, and Gladys Lopez, who is an economist for the World Bank. Indeed, French and Spanish were unofficial

languages in parts of Rouss and Wilson this year, with four visiting short-term professors from Spain, two from France, and two French speakers from Canada. The Spanish contingent seemed to enjoy the local cowboy/country club (Max), and I used some candid photos from the dance floor to doctor up the "unofficial" versions of the letters that international visitors have to take back to sponsoring agencies. Among the international students, there is an important Chinese contingent; see the attached photo of Melodie Pan (now with Price Waterhouse) discussing Chinese geography with Wake Epps, Director of Undergraduate Studies, and Maxim Engers, Director of Graduate Studies. The dinner that the Chinese students put on also included hands-on lessons in making wontons. Many of the current graduate students are in the after-baseball photo from the fall picnic. If you look, you'll see Steve Stern and his children in the center, and Simon Anderson and visiting law and economics professor Maria Mabry on the right.

When I think of former students, I naturally remember the first class that entered during my time as DGS. Of these, Tom Kinnaman and Catherine O'Connor were married last year, and two others from the same class, Amy Crews and Jim Cutts, renewed their acquaintance at the wedding. Four out of 15 is not bad. Amy Crews obtained an outstanding teacher award from Syracuse and just moved to Freddie Mac. Jim, as you may remember, left the program to go to law school, and he is practicing in the DC area. This reminds me of some others who left and got what they wanted: Amy Hakim and Rick Schmidt are in med school, at Minnesota and Missouri respectively, and Sunny Huang got a Green Card. Rita Chen writes from Xiamen City in the PRC, where she is working for a bank in one of the special development zones. Jenelise (Novak) Burke, with Virginia MA degrees in economics and epidemiology, is now back in California, at Rand as a research assistant, and her old job at the Georgetown Economics Research Unit is filled by Shinobu Suzuki. Jenelise writes "A day doesn't go by where I am not looking up something in one of my textbooks from graduate school!" Maybe she's talking about epidemiology? The other departing students are: Tim Adam (Hong Kong University of Science and Technology), Eric Eller (Cornell College), Mikel Ham (Economic Analysis Corp. in L.A.), Rick Holt (Census Bureau), Alison Ivory (Joint Committee on Taxation), Rick McGrath (Armstrong Atlantic State University in Savannah), Fidel Perez (Public University of Navarra in Spain), Ben Scafidi (CNA), and Chris Swann (Mathematica Policy Research).

It was a pleasure to have Charlie Plott and his wife visit last March, to deliver the first Bankard Lecture in Public Policy in the Dome Room of the Rotunda. He presented "Jaws", a kind of real-time lights-and-sound time series of the chop-chop movements of bids and asks in a laboratory market. (You might have seen the same thing on PBS in early April). This visit allowed him to chat with Laura Clauser, a doctoral student who worked with Charlie as an undergraduate one summer at Caltech. This lecture was the lead-off to a conference on Classroom Experiments for Virginia area professors. These classroom experiments appear in my periodic column in the *Journal of Economic Perspectives*. The next such conference will be organized by Lisa Anderson, a recent Ph.D. who just started at William and Mary, joining a number of other Virginia graduates there.

As for our faculty, Ken Elzinga continues to teach ECON 201, live on the lawn, and

work late nights in Rouss Hall, as you may have read in the Winter 97 *UVA Alumni News* story on "ten teachers that we all love". No less newsworthy is that one of our most productive colleagues, Simon Anderson, is now the proud father of twins. Bob King accepted the Robert Black Research Chair, donated in honor of Robert Black, a Virginia Ph.D. alumnus and ex-president of the Richmond Fed. Ed Olsen continues to sport a pink blazer that you may remember from last year's newsletter. Ross Levine, who came to us from the World Bank to increase our development offerings, was named as one of UVA's four best professors in this fall's *Declaration Magazine*. The new Dean of Arts and Sciences, Mel Leffler, grabbed the coveted "big hair" award, but some of my deserving colleagues lost out on other hair awards.

For the first time that I can remember, we managed to fill all of our faculty lines this year. Two of our new hires, Shakeeb Khan and Jonathan Wright are both theoretical econometricians (cross-section and time series, respectively). They have a couple of other things in common; both come from Ivy League schools (Princeton and Harvard respectively), before that, from abroad (Canada and England). In the attached photo, Shakeeb is shown with his wife Lynda Osatchuk on the left and Jonathan on the right. Also joining us is Sarah Turner, a labor economist from Michigan who has a joint appointment in the Education School; she is on the right side of the photo of the annual dinner, with local acoustic singer Terri Allard behind, and with Jane Ihrig on the right. Both of last year's hires won dissertation recognition: John Pepper from Wisconsin won honorable mention for the Upjohn Award, and Jacob Goeree received a *cum laude* for his dissertation at the University of Amsterdam, a designation that is only given in about one in a hundred cases. Jacob recently presented a paper on rent seeking at the Southern Economic Association Meetings at a session chaired by a former colleague, Gordon Tullock, who is the father of this literature. Former colleagues Bill Breit and Leland Yeager came to the SEA cocktail party; both write that they are enjoying the new Virginia Economics T-shirt (which can be seen on my web page).

We continue to benefit from the teaching contributions of Marvin Goodfriend, who is head of Research at the Richmond Fed, and Ed Burton, who is the Director of the Virginia State Retirement fund. With a 28 billion dollar portfolio, Ed stays busy when the market bounces as much as it has recently. In his spare time, he teaches undergraduate finance classes of about 150; Rouss 202 just isn't big enough.

Keith Crocker writes with apparent relief that he is not the chair of the Business Economics department at Michigan, as I claimed in my letter last year. Keith is, however, the Waldo Hildebrand Professor of Risk Management and Insurance there. Congratulations to Scott Bierman for being elected president of the faculty senate at Carleton College. Also in the upper midwest, John Mullahy just became Associate Professor of Preventive Medicine and Economics at Wisconsin. Dereck Neal, at Chicago, was recently quoted by James Heckman in the *Journal of Human Resources* as saying, "You can run from economic models, but you can't hide from them." Phil Grossman escaped Detroit and began teaching at the University of Texas at Arlington. Phil Jefferson is now at Swarthmore College. A former Snavely Prize winner and visitor, Bill Smith, is now at the University of Memphis and was recently married. He won the

one-armed push-up contest at the wedding, but they made the mistake of giving me the mike for an historical toast (I had consulted former students like Cathy Eckel for specifics).

I've heard that many of you have children who are students at UVA, Claire and Dan Hammond and Robert Rogowsky, for example, so please encourage them to stop by the department. They may even want to consider majoring in economics; our number of majors continues to increase exponentially, with 600 3rd and 4th year majors, 20% more than last year and much more than double the level of several years ago. Incidentally, Clair and Dan Hammond were recently featured in a lengthy letter in the Wake Forest Alumni magazine.

The other staff change is the addition of Laurie Jenkins, who supports the graduate program. She was formerly a Virginia student and real estate salesperson. Those of you who are still using us for letters of recommendation can contact her at lrj3m@virginia.edu. She is the contact person for students of yours who might be interested in our graduate program. Laurie follows Gayla Gentry, whom some of you may remember. Gayla left last summer when she had a second child. Peggy Pasternak, who left some time ago, is now working in the President's office, where she has to go out back for a smoke. This letter is the joint product of the front office: Bunny Stinnett (fiscal technician and formerly the graduate support person), Margaret Sugarman, and Bev A. Lecuyer. Margaret came to us from the Rhetoric department, when it was abolished several years ago, so we like to say that the staff either runs the place or runs it into the ground. Incidentally, Bev's initials make a somewhat suggestive email address, which has been a problem for x-rated messages on more than one occasion. Our computer person, Joe Mannino, has graciously volunteered to review all off-color messages. Finally, for those of you still on the department email list who keep sending in congratulations to the staff for winning the Power Ball Virginia lottery last *April 1*,....

Let me remind you that you can keep up with some of the developments in the department by visiting our web page: <http://www.virginia.edu/~econ/home.html> The Web Master, Ron Michener, has put up a page of former students' forwarding email addresses, which can be linked to their home pages. Feel free to send your email address and/or home page address to Ron at rwm3n@virginia.edu.

Let me close by offering you my warmest Holiday greetings. If you will be at the annual ASSA meetings in Chicago, please stop by the University of Virginia Reception, Columbus Hall A, Hyatt Regency Chicago, on Sunday, January 4, 1998, 6:00 pm - 8:00 pm. As usual, we use price as a rationing rule for drinks at such events.

Sincerely,



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<http://faraday.clas.virginia.edu/~cah2k>