

UNIVERSITY OF VIRGINIA
JAMES WILSON DEPARTMENT OF ECONOMICS
CHARLOTTESVILLE, VIRGINIA
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ROUSS HALL

December 16, 1986

Greetings:

October 16 brought thrilling news that the Nobel Prize in Economics would go to James M. Buchanan, who spent more than a decade in the Department pioneering with Gordon Tullock the foundations of public choice theory. Their influential book, The Calculus of Consent, was written while both were members of the Department. Bob Tollison (Ph.D., 1969), who is Executive Director of the Public Choice Center at George Mason University, organized a luncheon in Jim's honor at the Southern Economic Association meetings in November. It was pleasing to see that a large fraction of those participating in that warm tribute had some association with Virginia, many being former students or former colleagues.

This fall we again celebrated the birthday of T. R. Snavely, who served as Department Chairman for 33 years and persuaded Jim Buchanan to come to Virginia to succeed him in 1956. With some rearrangements, shelf space in the Snavely Library has been expanded by about 30 percent this past year, and the party was held in the expanded Library. In the rearrangement of the Library, Mr. Snavely's picture was moved to a more prominent position, where it looks very handsome.

We are delighted that Leonard Mirman joined the Department as Professor this fall through the Center for Advanced Studies. You saw his work described in the Fall 1986 issue of Arts and Sciences. We also are pleased to have Jerry Fusselman with us as a new Assistant Professor from Chicago; his main specialty is monetary theory. We have suffered some losses, too. Leland Yeager retired at the end of last year to become Paul Goodloe McIntire Professor of Economics Emeritus. He continues to teach at Auburn. We also lost Keith Crocker to Penn State, Bart Taub to Virginia Tech, and Bill Wood (Ph.D., 1980) to Bridgewater College, where he chairs the Business and Economics Department.

Charles Engel and Charlie Holt went on leave this fall for the year. Charles Engel won an Olin Fellowship and will spend the year at the National Bureau of Economic Research in Cambridge. Charlie Holt is a Sesquicentennial Associate in the Center for Advanced Studies and is spending the year at the Universidad Autonoma de Barcelona. Jonathan Skinner was a Sesquicentennial Associate in the Center for Advanced Studies here in the fall and he will be on leave at the University of Washington this coming spring. Don Fullerton is returning for the spring term after a year and a half as Deputy Assistant Secretary of the Treasury for Tax Policy.

Wake Epps has been promoted to the rank of Professor effective this past September. And John Whitaker was named the Paul Goodloe McIntire Professor of Economics. A new book was just published by Herbert Stein, called Washington Bedtime Stories: The Politics of Money and Jobs (Free Press). Another mystery by Marshall Jevons (Bill Breit and Ken Elzinga) is in the bookstores. It is called The Fatal Equilibrium (MIT Press). You may have seen Gertrude Greenslade in August on the PBS program, "Frontline," which produced a series examining the Soviet Union. Gertrude is also president-elect of the Association for Comparative Economic Studies. Much publicity was given to Bill Johnson and Jon Skinner when their paper, "Labor Supply and Marital Separation," appeared in the June 1986 American Economic Review. They found not only that women work more when they get divorced, but that they begin working more 3 to 5 years before divorce, in anticipation of it. Besides becoming a syndicated news story their results were the subject of many opinion columns and other notices, from Psychology Today to USA Today. Another news media splash came when Wake Epps and Larry Pulley (Ph.D., 1980) gave a paper in Chicago last August showing a strategy for picking stocks that could deliver twice the return of professionally managed portfolios. Again there was a syndicated news story; we are getting accustomed to having TV cameras roaming around Rouss Hall.

The Center for Advanced Studies at the University oversees a program of departmental reviews by Visiting Committees that is aimed at assessing and improving departments. One such Committee examined us in 1977 and the process was repeated this year. We were fortunate in having an excellent Visiting Committee of Herschel Grossman (B.A., 1960) from Brown, Sherwin Rosen from Chicago, and Paul Taubman from Pennsylvania. They judged our faculty to be strong but they had a number of suggestions for our graduate and undergraduate programs. Recent changes in faculty have brought us to the point of considering changes in our programs so the Visiting Committee's suggestions come at an ideal time. I was very pleased by the process and am sure it will help us choose program improvements in the next year.

The University leadership continues to be effective under President Robert O'Neil. Ed Floyd stepped down in October after long and successful service as Vice President and Provost. The new Vice President and Provost is Paul Gross, who is also Robert C. Taylor Professor of Biology and Professor of Physiology. Before joining the University, Mr. Gross had been president and director of the Marine Biological Laboratory at Woods Hole, Massachusetts. His work was featured in the Fall, 1986 issue of Mosaic magazine, which is published by the National Science Foundation.

Our microcomputer lab in Rouss Hall is a valuable resource, although it only became operational in the summer so its full uses have not yet been achieved. We have 15 personal computers (each with 640K of memory and 20 megabyte hard disks), 2 laser printers and a Hewlett-Packard 8-pin plotter. Rouss Hall also has been joined to the University's Local Area Network, which enables us to connect some of these personal computers and many more "dumb" terminals to main-frame computers at the Computing Center. Using Department funds, plus NIH funds through a grant to Jim Berkovec and Steve Stern, we are acquiring a Sun-3, a high-speed computer that will also be installed in Rouss Hall. It will give us the capability to solve very large problems.

This year we also acquired a postage meter and scale, and a Scan-Tron machine for reading pencil-marked forms. The Scan-Tron machine will be used to process quickly and at low cost student course evaluations, which the Department now carries out for every course every semester. The machine can read score sheet results into a personal computer and so has many other potential uses. The postage meter and scale were acquired for sending out this letter (that is intended to be a joke).

We have added a Trade and Development workshop, which brings to four the number of workshops functioning (the other three are in micro, macro and finance) in the Department, and the workshops had a very active year. Our Friday seminar and workshop visitors included Sherwin Rosen (Chicago), Franklin Fisher (MIT), Claudia Goldin (Penn), John Huizinga (Chicago), Finn Kydland (Carnegie-Mellon), Ben Bernanke (Princeton), Arvind Panagariya (Maryland), Carol Rogers (Georgetown), Joseph Altonji (Columbia), Wilfred Ethier (Penn), Sanjiv Kanbur (Princeton), Martin Zimmerman (Michigan and Council of Economic Advisors), Gary Burtless (Brookings), Merton Miller (Chicago), Mark Flannery (North Carolina), Michael Murray (Bates College), Gene Grossman (Princeton), Therese McGuire (Stonybrook), Robert Porter (Stonybrook), Michael Woodford (Columbia), Robert Schwab (Maryland), Itzhak Zilka (Johns Hopkins), Pradeep Dubay (Stonybrook), Keith Hylton (Harvard), Roger Farmer (Penn), Robert Rosenthal (Stonybrook), Marvin Goodfriend (Rochester and Richmond Fed), John Campbell (Princeton), John Haltiwanger (Johns Hopkins), Bob Flood (Northwestern), Paul Geroski (Southampton), and William Kennedy (LSE).

We have two faculty visitors this year from Tel Aviv University, June Flanders and Gideon Fishelson. Gordon Mills from the University of Sydney also is visiting, and Pablo Serra from the University of Chile extended his stay through the fall term. Gary Allen (Ph.D., 1978) of the Highway Research Institute at the University is teaching half time this year. Noriaki Ezo is here from Japan as a Visiting Scholar.

Graduates continue to be active. Nisha Agrawal (Ph.D., 1986) is at the University of Melbourne in Australia. Richard Ault (Ph.D., 1983) is at Auburn University. David Baumer (Ph.D., 1980) is Associate Professor at North Carolina State University. Patti Clifford (Ph.D., 1987) supervises a research group at the Florida Public Service Commission. Suellen Curkendall (Ph.D., 1984) has moved to National Economic Research Associates. Jeff Eisenach (Ph.D., 1985) left OMB to become Research Director of the Pete-Du Pont-for-President campaign. Philip Grossman (Ph.D., 1984) is now at Adelaide University in Australia. Peter Kenyon has returned to the Western Australian Institute of Technology School of Economics and Finance (Kent Street, Bentley, West Australia) after visiting a year at Flinders University in Adelaide. Fred McChesney (Ph.D., 1982) is a Fellow in Law and Economics at the University of Chicago Law School. David Lereah (Ph.D., 1983) is Vice President of Sovran Bank in Richmond, Virginia. Ed Manfield led a six-man team that won the world open team bridge tournament this year over 168 teams from 48 countries. His was the first American team to accomplish this feat, and will reign as champion for four years. When not playing bridge, Ed is at the Federal Trade Commission. Steve Meyer (Ph.D., 1985) is at Francis Marion College. James C. Miller III (Ph.D., 1969) and John H. Moore (Ph.D., 1966) were invited to give G. Warren Nutter Memorial Lectures in Washington this year and each performed marvelously. Jim serves as Director of the Office of

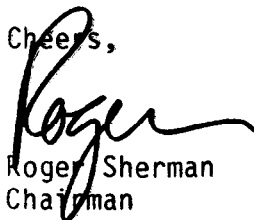
Management and Budget, which keeps him constantly in the news, and this fall he was the subject of a thoughtful feature story in the University of Georgia Alumni Record. John sees research issues from the best possible vantage point as Deputy Director of the National Science Foundation. John Mullahy (Ph.D., 1985) is at Yale, teaching in both the Economics Department and the Public Health School. Robert Rogowsky (M.A., 1975; Ph.D., 1982) is Executive Assistant to the Chairman at the International Trade Commission. William P. Snavely (Ph.D., 1950) retired as Dean of the College of Arts and Sciences at George Mason University and now lives in Charlottesville. Barbara Street (Ph.D., 1986) is teaching at Chaminade University, while Steve Street (M.A., 1973) is a lawyer with Hamilton, Gibson, Nickelson, Rush and Moore in Honolulu. David Tuerck (Ph.D., 1966) is Chairman of the Economics Department at Suffolk University in Boston. Robert Wuertz (Ph.D., 1975) is a Division Manager at AT&T, responsible for economic forecasting. His daughter, born February 26 of this year, adds life to the household at 76 Center Street in Metuchen, New Jersey.

My five-year term as chairman will end this year. It has been a pleasure to carry on this correspondence with you and I am grateful to you for keeping me up to date. You can help keep the letter coming by sending lots of news to my successor.

At the Allied Social Sciences Association meetings we shall sponsor a cocktail party from 5:30 to 7:30 PM on December 28 in the Bayside B Room at the Sheraton New Orleans. I hope to see you there.

Best wishes for the holidays.

Cheers,

A handwritten signature in black ink that reads "Roger Sherman". The signature is written in a cursive, flowing style.

Roger Sherman
Chairman

RS/ppc