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DEPARTMENT OF ECONOMICS

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Dear Former Students and Colleagues:

The past year saw many changes in our faculty, staff, and facilities, but before telling you about these developments and other news, I want to invite you to our cocktail party at the ASSA Meetings in San Francisco. It will be on Friday, January 5 from 5:30 to 7:30 P.M. in Union Square 13 of the S.F. Hilton & Towers. As always, we look forward to hearing how our former students and colleagues are doing.

The past five years have been difficult times for the University. Sharply declining real state support was followed by small decreases combined with a cap on tuition. However, there is some reason for optimism about the future. Education was an important issue in the recent elections for the state legislature, and candidates who favored more state support did well. Influential businessmen concerned about the quality of education have begun to lobby for increases in funding.

We welcomed several new faculty members this academic year. Tim Bollerslev, a time-series econometrician and financial economist from Northwestern's Graduate School of Business, has joined us as Commonwealth Professor of Economics. Jane Ihrig, a new Ph.D. from Minnesota, will be teaching courses in international economics. Finally, David Breneman (Ph.D., UC-Berkeley, 1970) has become the dean of our school of education. David was a senior fellow at the Brookings Institution from 1975 through 1983 and the president of Kalamazoo College for many years thereafter. We hope that he'll teach a course on the economics of education after he gets settled here.

We also hosted a large number of visitors. In the spring, our own Lisa Anderson (Ph.D., 1994) taught undergraduate courses in intermediate microeconomics and environmental economics, Jeff Prisbrey (Ph.D., Cal Tech, 1993) practical bargaining and intermediate microeconomics, and Alex Tabarrok (Ph.D., George Mason, 1994) public choice. In the fall, Amy Ando (who will be getting her Ph.D. from MIT soon) taught an undergraduate course on energy and the environment, Marvin Goodfriend (Vice President for Research, FRB-Richmond) a graduate course in empirical monetary economics, and Neelam Jain (Ph.D., Minnesota, 1995) undergraduate courses in mathematical microeconomics and

corporate finance. Ron Harstad (Associate Professor, Rutgers), Dennis Starleaf (Professor, Iowa State), and Josepha Tomas (Assistant Professor, Alicante, Spain) were non-teaching visiting faculty for extended periods. Andre de Palma (Professor, Cergy-Pontoise, France) and Nic Schmitt (Associate Professor, Simon Fraser) were here for shorter stays. Fatima Ouroumova (Associate Professor, North Ossetian State, Russia) is here for the academic year under the auspices of the CIES's Junior Faculty Development Program. Monica Buetler Lang (St. Gallens, Switzerland) is a visiting graduate student for the academic year. Jacob Goeree (University of Amsterdam) and Jose Luis Moraga (Carlos III, Madrid) visited for shorter periods.

Our losses were substantial. Jon Skinner returned to his ancestral homeland accepting an attractive offer from Dartmouth College that involved an association with their medical school. A change in airline schedules greatly increased the time required for Ed Burmeister's commute to Charlottesville from Durham, thereby inducing his early retirement here. He continues to teach at Duke. Finally, Tipton R. Snavely succumbed to the inevitable on July 22 at age 104. T.R. was a member of our faculty from 1918 through 1961 and was the chairman of the department for an awe inspiring 33 years. At 100 years of age, he presented a diploma at our graduation exercises to a former student who had returned to the University to complete his degree after his retirement. During his life, T.R. made generous financial contributions to the Department. Income from these contributions has been used to provide an award for the best dissertation over every three year period, to buy books and journals for Snavely Library, and to award a Snavely fellowship each year. He was our first Ph.D. in economics, and he cared greatly for our graduate program. If you would like to make a contribution in his honor, the endowment for the fellowship is most in need of supplementation. I have enclosed the memorial resolution for T.R. prepared by Roger Sherman.

Our new undergraduate courses continue to swell our enrollments reversing a steady decline of 35 percent over the previous seven years. Enrollments have increased 40 percent since 1993-94 largely in response to adding courses on the economics of education, the economics of welfare reform, law and economics, public choice, the economics of health, managerial economics, corporate finance, and economic forecasting. Although the substantive changes are much less significant, we also revised our graduate catalogue -- new titles and descriptions of some courses and a numbering system in which courses taken by first-year students are listed first, those taken by second-year students second, workshops last, and courses in a field are listed together.

The improvements in our facilities have continued during the past year. With the brain power of David Mills and Bill Johnson and the perspiration of an army of graduate students and our chairman, we moved faculty from Levering to Wilson Hall and our graduate students into nine additional offices. Many of our older 386 computers have been moved into graduate student offices for email use and working on the mainframes. This process will continue as we replace the older machines in faculty offices and labs with new models.

Finally, a major renovation of Rouss Hall costing about \$3,000,000 is on the horizon. This project is sixth on the list of major capital projects proposed to the state legislature by the University.

During the past year, Marianne Baxter received a well deserved promotion to full professor and B. Ravikumar to associate professor. Ravi is visiting the University of Iowa this year. Maxim Engers and Shannon Mitchell (Ph.D., 1989) are visiting the University of New South Wales in Australia. In recognition of his prodigious knowledge of statistics, Wake Epps has been appointed as Associate of the Statistics Division. Hereafter, you may refer to him as Professor of Economics and Statistics. John James chaired the program committee of the Cliometrics Society at the last ASSA meetings. One weekend the fall before last, Rouss Hall was crawling with economic theorists attending the Southeastern Economic Theory and International Trade Conference. One weekend this fall, it was crawling with experimental economists attending a mini-conference on classroom experiments organized by Charlie Holt. Speakers with UVA connections included Charlie, Lisa Anderson, Jeff Prisbrey, and Scott Bohannon. This was such a success that another will be held on September 27-28, 1996. Charlie Plott (Ph.D., UVA, 1965) has tentatively agreed to give the opening seminar. For more information, send a message to Charlie at holt@virginia.edu. Charlie Holt was recently named associate editor International Journal of Game Theory and Economic Theory.

On May 10 and 11, 1996 there will be a conference here honoring Roger Sherman's thirty years at Virginia organized by Cathy Eckel, Charlie Holt, and John Mullahy. You should have already heard about it, but if you didn't and want information, contact Charlie by email or regular mail. We hope to see many of you there. As you'll remember, it's usually lovely in Charlottesville at that time of the year.

Steve Stern is completing his second year as president of Jefferson Area United Transportation (better known as JAUNT), a non-profit organization devoted to providing transportation to people with disabilities in Charlottesville and the surrounding counties and others commuting from nearby rural areas to the urban area. He's in his third year on the Subcommittee on Teenage Sexual Activity of the Charlottesville-Albemarle Children and Youth Commission, and I must say that it is weird listening to a colleague talk about sex on television. Ken Elzinga, aka Marshall Jevons, writing with Bill Breit, had their third economics murder mystery, A Deadly Indifference, published this summer by Carroll & Graf. Economist Henry Spearman returns to solve crimes using economic analysis with part of the action taking place in the Cambridge home of Alfred Marshall.

It was a good year for babies. Among the exhausted parents are Diane Scott and B. Ravikumar, Cheryl and Derek Neal, Marian and Tim Bollerslev, Beth and Mike Palumbo, and the indefatigable Sandy and Steve Stern. The coauthors are most definitely listed in the order of their contributions to this output.

Our graduates continue to do well in the National Tax Association's annual dissertation contest. Tom Kinnaman (Ph.D., 1994) won the second prize

this year. It shows what can be achieved by getting up early and getting your hands dirty. For one of the essays in his dissertation, Tom weighed garage before and after the implementation of a per-bag collection fee. Derek Neal (Ph.D., 1992) continues to thrive at Chicago where he passed his third-year review. Cathy Eckel (Ph.D., 1983) organized a miniconference on experimental economics at the SEA meetings in New Orleans. Fernando Solis-Soberon (Ph.D., 1989) has become the head of Mexico's social security administration. He's been on TV frequently in recent days because a proposal to extend coverage of social security to 86 percent of the non-black-market workforce is being seriously considered. David and Debbie Mullin (Ph.D., 1993) are now splitting their teaching between Bowling Green and Oberlin. David Huffman (Ph.D., 1991) will be spending the next academic year teaching in Sapporo, Japan under the auspices of the Brethren Colleges Abroad Program. John Elder (Ph.D., 1995) will return this spring to teach our large sections of principles of macroeconomics. Apparently his performance as head teaching assistant for this course has not been forgotten. Over 700 students have enrolled.

David Wildasin (B.A., 1972), who is currently a professor at Vanderbilt, returned to campus for the first time since graduating to present a paper in our Public Economics Workshop. Leah Brannon (B.A., 1995) was a second-team USA Today Academic All-American.

The department has experienced considerable staff turnover this summer. (Perhaps I shouldn't have displayed my copy of Vlad the Impaler's Guide to Improved Staff Performance so prominently in my office.) Peggy Pasternak, who came to us directly from high school and rose to be our chief of staff, accepted a position in the Office of the President where she schedules the President's appointments among other duties. She loves the challenge of her new job. Peggy has been replaced as chief of staff by Bunny Stinnett who has been the assistant to the Director of Graduate Studies for about two years. Rhonda Richardson accepted a job in the hospital to get one step closer to her dream of being a nurse. Scott Ruffner, our fiscal technician, left to become a high school science teacher. To replace these losses, we hired Margaret Sugerman from the now defunct Rhetoric Department, Gayla Gentry from the hospital, and Rachel Brubacher who recently graduated from Eastern Mennonite College.

Our students in the job market did well again last year. Lisa Anderson accepted a visiting position at American University, Peter Bearse went to the University of Tennessee, Michelle Canfield will be a visitor at William and Mary, Jessica Horewitz went to Putnam, Hayes & Bartlett, Thomas Jeitshko to Texas A&M, Gladys Lopez to ITAM in Mexico, Roger Rodriguez to J.W. Wilson Consulting, and Ben Scafidi to a research associate position in the NYU Law School.

We have another good group this year. Some are outstanding teachers with the awards and student course evaluations to prove it. Almost all have substantial experience teaching independently and are considered to be good teachers by our undergraduates. Some have already presented their research at professional meetings. I hope that those of you who are hiring will rely on

your former teachers and colleagues to give you an honest appraisal of whether a particular student would be a good hire for your organization.

The following students completed their Ph.D. during the past year: Peter Bearnse, David Chessner, Dirk Early, John Elder, Thomas Jeitshko, Gladys Lopez, Roger Rodriguez, and Juan Zalduendo.

Obviously, this is only a small sampling of the news from our extended family. If you want to hear the juicier news, you'll have to come to our cocktail party in San Francisco. We look forward to seeing you there.

Cordially,



E.O. Olsen
Chairman

P.S. If the address on this envelope is not current, please send us an update. To enable my successor to send out next year's newsletter even later, please also send an email message with your email address to me at eoos@virginia.edu. Next fall when I'm no longer chairman, you can reach me at eolsen@birdwood.nineteenthole.nonedu.