A Report from the Chair

This has been a time of enormous change for the Department of Economics. Lou Rose and Marcellus Snow both have decided to retire after many years of outstanding service to the University. Much to our delight, Marcellus and Jo Snow have decided to remain in Hawaii. Marcellus has already been appointed Emeritus Professor of Economics and will continue to pursue his research on the economics of communication. Lou and Joan Rose are planning on a globetrotting approach to retirement, beginning with sea kayaking in Alaska and trips to France and Morocco. They are promising to send frequent postcards and emails, but those lonely evenings in Lanikai are a thing of the past. Pat Nishita, our Department Secretary, has also retired after years of scheduling courses, ordering books, making sure salaries were paid, and insuring that the students were taken care of.

A number of our faculty have been temporarily absent. Sumner LaCroix, who is spending two years at Barnard College as the Alena Wells Hirshorn Visiting Professor of Economics, is having a professionally rewarding experience and serving as tour-guide to those of us lucky enough to visit him in New York. Seiji Naya has been re-appointed to the Governor’s cabinet as the Director of the Department of Business, Economic Development, and Tourism. Despite his busy schedule, he’s teaching a course on Asian economic development this semester with the able assistance of Janis Togashi (1993). Fortunately, Chung Lee has returned to the Department after a 3-year stint as Director of the Center of Korean Studies.

Hiring new faculty was a high priority for the department this year. Byron Gagnes and I, with assists by Jim Roumasset and Chung Lee, braved sub-zero weather at the American Economic Association meetings in New York to interview candidates for several positions. We are delighted that Sang-Hyop Lee has accepted an offer to join the faculty in the Fall. Professor Lee received his Ph.D. from Michigan State University and spent last year at the East-West Center. He will be teaching econometrics and labor economics. We are also planning to hire a macroeconomist, a Japanese specialist in cooperation with the Center for Japanese Studies, and a labor economist in cooperation with Women’s Studies.

The biggest changes are in the department office. We are now blessed with a full complement of staff and student assistants who are energetic, experienced, and skilled. Irene Uemoto joined us this Fall as our new Department Secretary. Carolyn Paet has joined our staff as clerk steno (read about them on page 9). They are being ably assisted by three new students assistants: Kaoko Nago (an accounting major), Grant Shiroma (an electrical engineering major), and Aubrey Harmon (elementary education major). The only familiar face is Andrew Kato. He’ll be graduating this year and is currently weighing offers from Yale, and Maryland to pursue a Ph.D. in economics. Laura

Continued on page 14
By Gerard Russo
Associate Professor of Economics and Graduate Chair

The Economics Department is reaffirming its commitment to doctoral studies. Fifteen to twenty new M.A. and Ph.D. students are expected to matriculate Fall 1999 all on the Ph.D. track.

The Economics Graduate Program has been thriving the past two years with large numbers of highly qualified students entering the program with full funding. As of Spring 1999 the Department can count amongst its current graduate students eight East West Center Grantees, six Asian Development Bank/Japanese Government Scholars, one Research Corporation of the University of Hawaii (RCUH)/Graduate Division Fellow, one Hung Family Fellow and nine Economics Department Graduate Assistants (Teaching Assistants). In addition, a number of other graduate students have secured research assistantships, scholarships or fellowships from faculty grants, foreign sources or other programs on campus. Our continued appreciation goes to Emeritus Professor Fred Hung and the entire Hung Family for the Hung Family Endowment which makes possible the Hung Family Fellowship which supports graduate student research on China Economic Policy. We also appreciate the efforts of Professor Seiji Naya, Director of DBEDT and former Chief Economist, Asian Development Bank whose good offices initiated the Asian Development Bank/Japanese Government Scholarship program for graduate students from developing countries in the Asia-Pacific Region. The ADB Scholarship program is administered on campus by the EWC.

RCUH Fellows:

The Department is particularly proud of our RCUH/Graduate Division Fellows as the fellowship competition is campus-wide and open to all graduate fields of study at UH-Manoa. Moreover, there are a very limited number of fellowships available, usually 12 per year. In this context, the Economics Department has been extremely successful with two recipients entering in 1997-98 and one recipient entering in 1998-99. The RCUH Fellowships are relatively generous, providing a cash stipend of $16,000 in 1998-99 plus a tuition waiver for the first year of Ph.D. study. The Department matches with an additional three years of equivalent support in the form of a teaching or research assistantship plus summer overload. These four-year packages have attracted outstanding scholars to our program. Our RCUH Fellows are Ms. "Cedric" Qin Zhang (1998-99), Ms. "Annie" Shi Ji (1998-99) and Ms. "Allison" Ting Zhou (1997-98). Ms. Ji and Ms. Zhou are currently serving the Department as teaching assistants and both will be lecturers during Summer Session 1999. We expect one new RCUH Fellow to matriculate August 1999.

M.A. Degrees expected: Four of our Ph.D. students, Ms. Lan Chen (Hung Fellow), Ms. Shi Ji (Teaching Assistant), Mr. Yoav Wachman (Teaching Assistant) and Ms. Ting Zhou (Teaching Assistant) have successfully completed two years of study and will receive their M.A. degrees en route May 1999.

M.A. degrees will also be awarded to Ms. My Do (EWC Grantee), Ms. Lisa Nakama, Ms. Carline Sablan, and Mr. Turro Wongkaren. May 1999. Mr. Wongkaren will be continuing to the Ph.D. program.

Ph.D. Degrees expected: Three our students, Dr. Young-Ho Chang (Advisor: James Roumasset), Dr. "Howard" Fua He (Advisor: Summer La Croix) and Dr. Yibo Xu (Advisor: Tony Yeh) will receive their Ph.D. degrees May 1999. Congratulations! Special congratulations goes to Dr. Chang who will be joining the faculty at National Singapore University.

Graduate Faculty: Dr. Lee H. Endress the Director of the College of Security Studies, Asia Pacific Center for Security Studies has

continued on page 12
Focus on the Undergraduate Program

By Byron Gangnes
Associate Professor of Economics and
Undergraduate Studies Chair

At the heart of the Department's undergraduate teaching mission is the commitment to "promote economic literacy and excellent analytical skills by providing University students the highest quality undergraduate education." We see economics at the core of a well-rounded liberal arts education, and central to the University's mission to prepare students for productive life in an increasingly global economy.

To this end, we plan to attract students from complementary programs such as SHAPS, SOEST, the Colleges of Tropical Agriculture, the Business School, and other liberal arts disciplines. We also plan to improve the quality and relevance of our curriculum.

Other objectives are:

- Increase access to Economics courses. We recently eliminated a prerequisite for Principles of Macroeconomics so that students can choose to start with either the Macro or Micro principles course. We plan to reduce prereqs for some courses to enable access by non-majors.

- Rationalize the curriculum and course schedule to meet the needs of students. We plan to add new courses to the curriculum as resources become available, and to coordinate existing course offerings to ensure that students can graduate in a timely fashion. Low enrollment courses may be offered less frequently.

- Publicize economics courses more aggressively. We now offer improved course information each semester on the Department's web page (www2.soc.hawaii.edu/-econ). We plan to advertise international exchange opportunities and scholarship support.

- Build a community of scholars with other academic units within the University and with institutions in Asia. Economics is an important "service department" at the University and has long-standing connections to institutions in the Asia-Pacific region. We plan to strengthen the connections to improve recruitment of well-qualified local and international students.

- Promote a distinct and excellent undergraduate experience. We want to strengthen the extracurricular environment for students through mentoring, social activities, the Economics Club, and advising.

- Recruit majors from a broader range of career and academic interests. Economics, with its emphasis on analytical reasoning, provides excellent preparation for a variety of career paths. The program's strong Asia-Pacific orientation is also a plus. We plan to reach out to other liberal arts majors by emphasizing academic "tracks" that combine economics study with broader interdisciplinary study, perhaps around East-Asian political economy or environmental policy.

- Emphasize applications and tools that are in high demand. Private-sector employers increasingly want students who have computer and statistical skills, as well as strong writing and thinking abilities. Knowledge of Hawaii and regional economies is valued. We stress the integration of appropriate technologies throughout the curriculum. New courses in areas like Economic Forecasting and Financial Economics would provide practical experience of use to students.

Economics serves important parallel roles at the University and in broader society. As a field of study, it teaches powerful methods of analytical reasoning; as a social science, it provides a crucial window on public policy issues; as a discipline, it provides familiarity with tools that support career advancement.

The Department's strategic plan seeks to address these multiple objectives, to create

Continued on page 9
**Focus on Research**

**By Denise Eby Konan**
Associate Professor of Economics

By any measure, nations have become increasingly intertwined as global economic integration intensify. Most governments recognize the importance of international trade for growth and development, and have responded by lowering trade barriers in cooperation with trading partners. The primary multilateral fora for widespread multilateral liberalization has been negotiations in the General Agreement on Tariffs and Trade (GATT), which has lead to the formation of the World Trade Organization (WTO). As illustrated by the lengthy Uruguay Round, GATT-WTO has been successful at lowering tariff and quota barriers in manufacturing. The widespread consensus among nations necessary to procure deeper integration in areas such as services, standards, and investment have proved far more illusive. Nations thus continue to pursue bilateral preferential trade agreements (PTAs) with their most prominent trade partners.

While regional PTAs, such as NAFTA, the EU, and emerging APEC, might be more expediently negotiated they may, paradoxically, move us farther from a liberalized trading environment. As is well-known, PTAs raise the possibility of trade diversion, in which imports from the partner displace more efficient suppliers elsewhere. While this negative impact may be offset by trade creation as consumers substitute away from high-cost domestic goods in favor of imports from the partner.

In light of this welfare ambiguity, trade economists have built rules-of-thumb, based on theory, to guide and inform policy. My research has shown that, in many instances, these rules are far from reliable. For example, due to terms of trade considerations, many prominent trade economists such as Bhagwati, Panagariya, and Riezman have argued (counterintuitively) that, generally, the larger is the volume of trade between countries the more they stand to lose (rather than gain) from forming a PTA. By the analysis to a general equilibrium framework where goods from trading partners may be differentiated, I find that the relationship between trade shares and the welfare impact of a PTA is ambiguous. Simple computations show that welfare initially declines as partner import share rises to about 25%, then rises monotonically as that share increases to unity.

Such ambiguity is also present with respect to foreign direct investment. Potential host countries of FDI have increasingly supported preferential trade agreements, hoping for increased foreign investment. Jeff Heinrich (UH PhD 1998) and I have found, however, that FDI inflows are likely only to the extent that multinationals have not already shifted production to the integrating region. Integration could lead to industry rationalization that reduces FDI if tariff-jumping is prevalent before liberalization. We also find that that low-protection countries have more investment creation than high-protection countries due to wage differences.

Finally, PTAs are increasingly being used by governments to pursue 'deep integration' (Robert Lawrence) to reduce the international market segmenting effect of domestic (non-border) regulatory policies such as health and safety regulations, competition policies, licensing and certification regimes, prudential requirements, environmental norms, or administrative procedures such as customs clearance practices. These types of policies target not only goods (the traditional domain of the trade policy literature), but also affect services, production processes and legal and natural persons. Such regulatory policies have effects analogous to non-tariff barriers (NTBs) to trade, even though the underlying intent may not be to discriminate against foreign suppliers of goods and services. Indeed, the regulations concerned may apply...
Department Web Site Facelift

By Carl Bonham
Associate Professor of Economics

This spring the Department of Economics web page received a facelift. Like most facelifts, the changes were almost entirely cosmetic. We hope the new appearance makes the web site a more useful source of information for students, university faculty, alumni, and friends of the department. A brief overview of what is available might be useful.

The front door to our site can be found at http://www2.soc.hawaii.edu/econ. There you will be greeted by a photo of "bathroom beach" in Waimea valley (a favorite site for Department picnics). More importantly, you will find links to General Information, Recent News & Events, Seminar Schedule, Course Schedule, Economics Faculty, Undergraduate Program, Graduate Program, Majoring in Economics, and last but not least UHERO.

Alumni and friends may want to visit the Recent News & Events page to find out the results of the Department's recent faculty recruitment efforts, or discussions of recent conferences organized by Economics faculty. The Seminar Schedule is updated two or three times per month with information about upcoming seminars, including abstracts, bio's, and sometimes downloadable copies of the paper to be presented.

The Course Schedule contains a full year's list of course offerings as well as current descriptions of the course offerings. The Economics Faculty collects all faculty, visitors, instructors, and staff links in one location. Some faculty (Bonham, Gangnes, Konan, and LaCroix) actively maintain their web sites. These sites contain detailed information on their course offerings, including syllabi, old exams, answer keys and links to related course materials. Other faculty pages list only current research interests and publications. The Undergraduate and Graduate Program links, and the Majoring in Economics link, provide catalog-type information for students, such as degree requirements, and general advice.

Finally, UHERO provides a link to the University of Hawaii Economic Research Organization web site. UHERO associates, primarily from the economics department, conduct grant-based research on topics ranging from the economic value of Hawaii's natural resources, to modeling the effects of trade flows on the Japanese economy. The UHERO web site reports on some of these research projects as well as providing current economic analysis and forecasts of local and global economies.

Hopefully this brief tour of the Econ Department web site will be helpful. We look forward to receiving your suggestions for information that should be included on the site as well as improvements in design (both cosmetic and functional).

UHERO Update

By Carl Bonham
Associate Professor of Economics

The University of Hawaii Economic Research Organization (UHERO) conducts research on Hawaii and Asia-Pacific economies to support informed public and private sector decision making.

In the past two years, UHERO associates have completed numerous projects ranging from valuing Hawaii's ecological-economic systems to analysis of the role of human resources in economic development in South Korea. In December of 1998 UHERO signed a two year contract with the Hawaiian Electric Company to provide ongoing long-term economic forecasts for the state of Hawaii and the counties of Honolulu, Maui, and Hawaii.

UHERO is currently pursuing numerous grant opportunities, preparing its first informational brochure, and expects to begin publishing its UHERO Quarterly Economic Outlook on its web site during the second half of 1999.

Faculty Notes

Lee continued

the American Political Science Review and the Journal of Asian Studies.

On July 1, 1998, Lee rejoined the East-West Center as a Senior Fellow in the Program on Economics & Politics after serving as Director of the Center for Korean Studies for three years. He also served as President of the Korea-America Economic Association in 1997 and presided over the 3rd Korea-U.S. Journalists Seminar organized jointly by the Korea Press Center and the East-West Center, Honolulu, Hawaii, September 8-9, 1997.


Mak has also been active in economic policy and education in Hawaii. Along with Mak continued on page 6
Faculty Notes

Mak continued

with appointments to the State Advisory Council on Revenues and assistance to a Pacific Island Economics program for 7th and 8th grade students, Mak was asked to serve on the statewide Advisory Committee to refine the Hawaii Content and Performance Standards in the economics component of social sciences for the State Dept. of Education. He also gave a presentation at the EWC to federal officials from Washington D.C. and Rep. Neil Abercrombie on structural problems in the Hawaii state economy.


Mason participated in several

Mason continued on page 7

Emeritus Update

Ever wonder what happens to retired faculty? We thought it would be interesting to report to you their whereabouts and activities.

Wytze Gorster - a Stanford Ph.D. - taught and researched in international economics. At various times before he retired in 1979, he served the University as Dean of the Graduate Division, Director of Research, and Chancellor.

Wytze was always active in the community and continued to serve during his retirement years. He founded and was elected first president of the Faculty Retirees’ Association of U. H. After being given honorary membership in Phi Beta Kappa - when an irreverent colleague observed, "I see you finally got your grades up!" - he served as president of that organization. In recent years, Wytze has also participated in the Social Science Association and done pro bono work for Chamindol.

Wytze and his wife, Barbara, live in Kaneohe. Before she fell into ill health they traveled widely, keeping in touch with their two children and two grandchildren.

Fred Hung - a former Chair of the Department - retired from U. H. in 1987, although he continued to teach for a couple more years. He taught micro theory and economic development. Much of his research was on Chinese development policy. When asked if he was bullish or bearish on the Chinese economy today, he noted that "China has done very well in the last ten years; last year the growth rate was 7.8%; and the renminbi is now the most stable currency in Asia."

Fred arranged for the two Hung Family Fellowships for Chinese students in the Departments of Economics and History at U. H. More recently he has raised money and sat on the advisory committee that facilitated the reopening of St. John's University in Shanghai under the auspices of the University of British Columbia.

Fred and his wife, Hwa, continue to live in Honolulu. They have traveled to China (6 times), Europe, Alaska, and the Caribbean. They have two daughters, one son, and four grandchildren. When pressed for some wisdom for former students and younger faculty, Fred advised, "The pursuit of academic knowledge is okay, but it is more important to be a good person, and to have other goals."

Robert Kamins, who got his degree at Chicago, specialized in public finance until he retired in 1977 to attend U. H. Law School. After obtaining his degree, he applied his background in law and economics to natural (geothermal) energy, then to family law. In 1983-84 he was legislative counsel for Congressman Cecil Heftel in Washington. He continues to be active in the community doing mediation work with the Neighborhood Justice Center.


Bob and his wife, Shirley, continue to make Honolulu their home. Over the years they have travelled extensively throughout the world, and continue to do so. They swim in the ocean every morning, play tennis every week, and whenever possible see their two daughters and grandchild.

Walter Miklius - formerly Director of the Economic Research Center (at the Varsity Building - remember?) and Chair of the Department - came here with his Ph. D. from UCLA in the mid-1960s about the same time as Gorster and Campbell left faculty appointments there. Walter "specialized" in everything that could be categorized as applied micro, though much of his teaching and research was in transportation and agricultural economics. He retired in 1993 following a Fulbright semester in his homeland, Lithuania.

In his retirement years, Walter has devoted his energies to the finer things of life: money, art, and music. When he is not "bottom-fishing" in the stock market, he is making impressive progress in water-color portraits, still-lifes, and landscapes, and playing Bach on the piano. In our interview, he confessed that he has now stopped lobbying for the

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Focus On Our Famous Econ Alumnus

Senator Daniel K. Inouye got his B.A. degree from U.H. in 1950 with a double major in economics and government as preparation for an incredibly successful career in national politics.

Senator Inouye was an 18-year-old freshman in pre-med studies at U.H. when in 1943 he enlisted in the U.S. Army’s 442nd Regimental Combat Team. In the Italian campaign, the 442nd was assaulting a heavily defended hill in the closing months of the war when Lt. Inouye was hit in his abdomen by a bullet which came out his back, barely missing his spine. He continued to lead the platoon and advanced alone against a machine gun nest that had men pinned down. He tossed two hand grenades with devastating effects before his right arm was shattered by a German rifle grenade at close range. Inouye threw his last grenade with his left hand, attacked with a submachine gun and was finally knocked down the hill by a bullet in the leg.

Dan Inouye spent 20 months in Army hospitals after losing his right arm. He came home as a Captain with a Distinguished Service Cross (the second highest award for military valor), Bronze Star, Purple Heart with a cluster and 12 other medals and citations.

After the loss of his right arm forced Dan to abandon his medical career plans, he took up economics and political science, then went on to earn his law degree at George Washington University.

Inouye broke into politics in 1954 with his election to the Territorial Legislature. After Hawaii became a state in 1959, Dan was elected first to the U.S. House of Representatives and then in 1962 to the U.S. Senate, where he is now the fourth-ranked senator serving his seventh consecutive term.

Here is a part of Congressman Leo O’Brien’s account (in the Congressional Record) of how Inouye took the oath of office in Washington in 1959. It was “one of the most dramatic and moving scenes ever to occur in this House. ‘On that day, a young man, just elected to Congress from the brand new state, walked into the well of the House and faced the late Speaker Sam Rayburn. The House was very still. It was about to witness the swearing in, not only of the first Congressman from Hawaii, but the first American of Japanese descent to serve in either House of Congress. ‘Raise your right hand and repeat after me,” intoned Speaker Rayburn. The hush deepened as the young Congressman raised not his right hand but his left and he repeated the oath of office. There was no right hand, Mr. Speaker. It has been lost in combat by that young American soldier in World War II. Who can deny that, at that moment, a ton of prejudice slipped.

Department of Economics
Ph.D. Degrees

Spring 1997

Dong Soo Kim, “The Impact of Privatization on Productive Efficiency in Korea: An Econometric Analysis,” Eric Im, chair.

Summer 1997
Kyung-Taik Han, “Three Essays in Econometrics: Idempotent Matrix, Adaptive Regression, and Unit Root Test,” Eric Im, chair.


Fall 1997

Summer 1998


Fall 1998


Mason Notes

Mason continued

professional meetings including the 1999 Annual Meeting of the Population Association of America in New York, where he was the Organizer and Chair for the session on Economic Crisis and Demographic Change. In 1998, Mason served as a consultant for a World Bank workshop on “Asia’s New Demographic Realities: Do They Matter for Economic Growth?,” in Dhaka, Bangladesh; and as a consultant for the preparation of an Asian Development Bank background paper "Population Change and Asia’s Economies" for Asian Development Outlook 1998. He was appointed as Senior Fellow, East-West Center and was a Visiting Professor at the Institut d’Etudes Politiques de Paris in 1998.


Moncur also served as the Program Chair for the 1999 Annual Meeting of the Universities Council on Water Resources. He is the President-elect for the body, which is a national organization of universities with research and teaching programs in water resources.
Faculty Notes


As part of an ongoing project, Rose is conducting research on "Land Appreciation, Saving and Neoclassical Growth: Evidence from an International Panel." During 1997, he was on sabbatical leave at Columbia University's Barnard College in New York.


Instructors Needed

If you are interested in an instructor position in the Economics Department, please send a letter indicating courses you would like to teach, your availability, and contact information. Also include an updated copy of your resume.

Lou Rose Retires

Lou Rose joined the Department out of UCLA (mentor Armen Alichean) in 1969, so he is now retiring after 30 years of service.

Prior to obtaining his Ph.D. in economics, Lou obtained a B.S. in chemical engineering from the University of Oklahoma, served as a paratrooper, worked for the DuPont Company in plastics, and received an M.A. in economics from U.C. Berkeley.

Lou’s teaching has always been price theory and its applications, his research mostly in urban economics. His papers have been published in Economic Inquiry, Land Economics, National Tax Journal, Urban Studies, and the Journal of Urban Economics. Many of these works focused on the interface of public and private sectors in the land market.

Rose spent four sabbaticals at HUD, MIT, Reading (England), and Columbia. He refereed for numerous professional journals, and consulted for the National Science Foundation, Resources for the Future and other well-known academic institutions.

Lou’s service to the larger community includes many years of pro bono work for the

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Marcellus S. Snow Retires

Marcellus Snow grew up in Salt Lake City and graduated in 1965 with a math major from the University of Utah. En route to that degree he served as a volunteer lay missionary of the LDS (Mormon) Church in Germany. After receiving a master's degree in linguistics at MIT, he turned his interest to international economics. Spending one year each at campuses in Bologna, Italy and Washington, D.C., he completed an M.A. in international relations from the Johns Hopkins University School of Advanced International Studies (SAIS), with concentration on the Western European economy. From 1969 to 1971 he was a financial and political analyst for the Communications Satellite Corporation in Washington, D.C.

Desiring the option of an academic career, he returned to graduate school and received a doctorate in economics from UC-Berkeley, where he worked with Albert Fishlow, Gregory Grossman, Bent Hansen, Ted Keeler, Dan McFadden, and others. His dissertation dealt with economic aspects of the emerging technology of communications satellites and was later published as the first book-length treatment of the subject. Early in 1974, Bob Heller offered him a position at the University of Hawaii sight unseen (no flyouts back then), noting that the “magnificent view of the sunsets over Honolulu” was easily worth $5,000 yearly in lieu of salary.

His teaching load at UH has included microeconomic theory, econometrics, statistics, and regulation at the undergraduate level and econometrics and mathematical methods for graduates. His research interests have evolved to the telecommunications sector, where he uses the economic subdisciplines of information, regulation, and industrial organization to examine the worldwide shift to deregulation.

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New Hire – Sang Hyop Lee

Sang Hyop Lee, our new, full-time, tenure-track appointee, has interests in labor, applied econometrics and development. Lee received his Ph.D. from Michigan State University in May 1998, after completing his dissertation: “Three Essays on Government Influence on Labor Markets” under advisor David Neumark. He had previously obtained M.A. and B.A. degrees at Seoul National University.


Later this year, Sang Hyop will be joined by his wife, Yangseon Kim, and their two children, ages 6 and 9. Yangseon is at this time finishing her Ph.D. in econometrics at Michigan State.

Welcome, Sang Hyop! We look forward to having you as our colleague.

New Secretary

Following Juliet Plia’s retirement and interim service by Pat Nishita the Department got a brand new secretary last September.

Just who is Irene Uemoto and what makes her tick?

Born in Honolulu, she devoted many years to raising a family of three boys and a girl. She and her husband, now retired from the State Department of Agriculture, take pride in their children, all college graduates with successful careers. Irene is especially proud of her two grandchildren, a boy six, and a girl three.

About ten years ago Irene began working for the University. We hired her while she was a secretary in the Department of Communications.

Irene likes Japanese food, now and then plays Volleyball in which she is a quadruple-threat (she digs, passes, kills & roofs!), watches soccer, sings karaoke, and also watches Brad Pitt. She is scared of geckos!

She believes in the Golden Rule and a positive attitude. (Editor’s note: Irene has a grand sense of humor.)

When asked what it’s like working for Andy Mason who began as Department Chair a few weeks before she arrived, she replied. “He has everyone’s best interest at heart – the best boss I’ve ever had!”

We are all genuinely pleased to have Irene with us. Here’s a belated “Welcome”!

New Clerk/Steno

Carolyn Paet comes to us from the Department of Linguistics. She was born and raised in Honolulu, and now lives in Kaluouw with her husband and one daughter. Two other daughters are now living independently. Carolyn is very proud of her children, and looks forward to having some grandchildren in the not-too-distant future.

Until the stork arrives, Carolyn’s main annual event is video poker in Las Vegas where she has gone each of the last eight years. When asked how well she has done, she responded, “Not Bad!”

Welcome, Carolyn, and may you keep on winning!

Undergraduate Report

continued from page 3

skilled practitioners of economics and informed citizens who can make intelligent decisions about the range of economic challenges facing our state and region.

SEMINAR HIGHLIGHTS

FALL 1997

Anis Chowdhury, University of Western Sydney, Australia, “The Political Economy of Macroeconomic Management.”

Sumner La Croix and Mana Southichak, Department of Economics, University of Hawaii, “Convergence in Asia: A Mythical Beast?”

Jim Roumasset and Mark DeWeaver, University of Hawaii at Manoa, “Shareholder and the Economics of Rural Organization.”

Selji Naya, University of Hawaii, “Explaining and Overcoming Hawaii’s Low Productivity Growth.”

Kwang Soo Cheong, University of Hawaii at Manoa, “Corporate Taxation and Signalling with Capital Structure.”


Andy Mason, University of Hawaii, “Saving, Wealth, and the Demographic Transition in East Asia.”

SPRING 1998


K.C. Fung, University of California, Santa Cruz, “International Trade and Bank Groups: Welfare Enhancing or Welfare Reducing?”
SEMINAR HIGHLIGHTS

Richard Cohen and Carl Bonham, University of Hawaii, "To Pool, Aggregate or Neither: Tests of the Rational Expectations Hypothesis Using Survey Data."

Lou Rose, University of Hawaii, "Land Appreciation, Saving, and Neoclassical Growth: Evidence from an International Panel."

FALL 1998

Alan V. Deardorff, University of Michigan, "Rich and Poor Countries in Neoclassical Trade and Growth."

Cliff Slater, University of Hawaii Scholar in Residence in the College of Social Sciences, "General Motors and the Demise of Streetcars."

Eric Im, University of Hawaii, "A Note on Frisch/Vaugh Theorem."

Andrew Mason, University of Hawaii, "Saving, Wealth, and Demographic Transition."

Robert Chirinko, Emory

Mak's New Book on Japan, "A Minor Gem"

Those are the words of praise heading a recent review of Japan Why It Works, Why It Doesn't: Economics in Everyday Life. Another reviewer writes that "For students of Japan and those interested in Japan, this collection of essays presents an important analysis of Japanese economics and society which focuses on everyday life and can be understood by all readers."

The volume of 26 short articles (with cartoons) was edited by our own Jim Mak along with Carnegie Mellon professor Shyam Sunder, our alumnus Shigeyuki Abe (1977), and Kobe University professor Kazuhiro Igawa, and published by the University of Hawaii Press in 1998. Its 23 contributors from both sides of the Pacific include Sumner La Croix and Andy Mason from our Department, late emeritus professor Harry Oshima, and alumni Abe, Matt Loke (1994), Hiro Ogawa (1975), Teruyuki Higa (BA 1973), and Akihiko Kawaura (1989).

Japan’s Future Studied

By Byron Gangnes
Associate Professor of Economics

Japan’s postwar economic miracle ground to a halt in the 1990s. After several decades of rapid growth, Japan today is mired in its most severe recession since World War II. But even bigger changes may be on the way.

This is the conclusion emerging from a research project now underway in the Department. The project, 'Japan’s Economy in the Twenty-First Century: The Response to Crises,' brings together experts on Japan’s economy from Europe, North America, Japan and Hawaii to look at fundamental changes reshaping the Japanese economy as it enters the 21st century.

Important changes taking place in Japan include rapid population aging, changing labor market conditions, deepening trade and foreign investment links between Japan and other countries, the deregulation of financial markets, and the emergence of China as a second economic powerhouse in Asia. These changes have implications both for the way Japan lives and works and for its relationships with the U.S. and other countries.

Organized by Professors Sumner La Croix, Byron Gangnes and Magnus Blomstrom

Continued on page 14

Enrollments

Like the University as a whole, Economics enrollments have suffered a decline in recent years. Total annual enrollment in undergraduate Economics courses fell from 2990 students in the 1993-94 academic year to 2299 last year. The dwindling University headcount is surely to blame, but so also are hiring freezes that have meant fewer courses offered. If there is a silver lining, enrollments have picked up this year, with the highest numbers for principles courses since 1993-94. Numbers of majors and therefore enrollments in upper-division courses are still well down from the mid-1990s.

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Economics Gets Community Scholar

Each semester Arts and Sciences sponsors a Community Scholar in Residence. The CSR program is intended to promote excellence in learning through exchanges of ideas by bringing to the campus people from outside of the academy who, through their leadership in advancing knowledge and actively working with communities, can truly be called Community Scholars.

In the fall of 1998 the Department of Economics was privileged to host CSR Cliff Slater, CEO of Maui Divers.

Slater is well-known in Honolulu because of his leadership in community affairs. In the early 1990s he led a campaign to educate the public on the disadvantages of a proposed fixed rail transit system in Honolulu.

He frequently writes for the Honolulu newspapers and testifies before the State Legislature and City Council on a variety of subjects including privatization, unions, education, prisons, jitneys, and shipping regulation. With his recent economic history article, "General Motors and the Demise of Street Cars," he is also published in an academic journal, Transportation Quarterly.

Slater’s leadership in community affairs has been acknowledged in many ways. He has been Honolulu Magazine’s "Islander of the Year" (in 1993), a recipient of Small Business Hawaii’s Small Business Person of the Year (1990 and 1992) and Civic Leadership Award (1991).

It has been a great pleasure having Slater in the Department where he gave a fine seminar, regularly interacted with faculty, advised students, and even taught some of our classes about privatization and transportation economics. Mahalo, Cliff!!


Sumner La Croix and Louis Rose, "Hawaiian Home Lands Program: Past Failures and Future Prospects," No. 95-8R.


Denise Eby Konan and Jeffery Heinrich, "The Impact of ASEAN Trade Integration on Direct Foreign Investment," No. 98-3.


Jeff Heinrich, "Quality-Improving R&D, Trade Barriers, and Foreign Direct Investment," No. 97-12.

Denise Eby Konan and Jeffery S. Heinrich, "Regional Integration and Investment Creation," No. 97-11.


SEMINAR HIGHLIGHTS

University, "Business Fixed Investment and "Bubbles": The Japanese Case."


Brett Saraniti, Hawaii Pacific University, "The Strategic Timing of Campaign Contributions."

Augustine Tan, National University of Singapore and Visiting Senior Fellow at the Institute for International Economics, "Regional Impact of the Asian Financial Crisis: Hong Kong, Singapore and Taiwan."

SPRING 1999

Patrick G. Welle, Bemidji State University, MN, "Economic Valuation of Environmental Services."


Katerina V. Sherstyuk, Melbourne University, "Collusion in Ascending Price Auctions."

William Kuempfer, University of Colorado, "The Gravity of Sanctions Against South Africa."
Meetings

Our department was well-represented at the annual American Economic Association meetings in New York in January. Byron Gangnes, Denise Konan, Sumner La Croix, Chung Lee, Andy Mason, and Jim Roumasset all attended. Gangnes led the team of interviewers.

A Hawaii delegation also attended the East Asian Economic Association convention in Kitakyushu, Japan in September. Among the participants - most of whom gave a paper, discussed a paper, or chaired a session - were Denise Konan, Chung Lee, Seiji Naya; alumni Marciu Sakai, Pearl Imada-Iboschi (1990, DBEDT), Janis Togashi (1993, DBEDT), Yuki Abe (co-organizer of the meeting), Ted James (1979), Jeff Heinrich (1998); and graduate student Jeff Brown.

The Hawaii Economic Association annual meeting in April this year included a panel on the theme, "Can Government Pick Growth Industries?" Panel members were Chung Lee, Seiji Naya, Jim Roumasset, and David McClain from the U. H. College of Business. At the meeting, Carl Bonham and Byron Gangnes made their annual forecasts of Hawaii's economic performance.

The Council on Economic Education annual meeting is scheduled for May 11 this year at the Hilton Hawaiian Village. The keynote speaker is Paul Le Mahieu, Hawaii's new superintendent of education.

Campbell Award Goes to Jeff Heinrich

The first recipient of the Burnham O. Campbell Dissertation Award in Economics was Jeff Heinrich. (Jim Moncur is shown above making the presentation.) Jeff obtained his B.A. in Economics at the University of Illinois and entered the Ph.D. program in Economics at U.H. in 1993. Here he studied international economics economic development and industrial organization. His dissertation is a theoretical study of international decision-making of firms.

Jeff used the $2000 award to help support himself and his family while he completed his dissertation during the fall of 1998. He is currently in the job market and hopes to obtain a faculty position at a college or university on the U.S. mainland.

Burnham O. Campbell was Professor of Economics at the University of Hawaii from 1968 until his retirement in 1994. As Chairman for a total of nine years, he guided the Department through a considerable expansion in faculty size and oversaw the establishment of the Ph.D. program. In his memory, family and friends established a fund to assist graduate students in the department.

We welcome your tax deductible donations to: Burnham O. Campbell Memorial Fund, UH Foundation, P.O. Box 11270, Honolulu, HI 96828-0270.

Graduate Report

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been appointed Affiliate Graduate Faculty in Economics as of August 1998. Dr. Endress is the former Chief of the Economics and Security Studies Branch, USCINCPAC.

Professor Ping Sun Leung of the Department of Biosystems Engineering has been appointed Cooperating Graduate Faculty in Economics as of September 1998. Professor Leung was already a member of the graduate faculties in Agricultural and Resource Economics and Biosystems Engineering.

Dr. Fereidun Fesharaki, Senior Fellow, East-West Center has re-appointed Affiliate Graduate Faculty in Economics as of March 1999. Dr. Fesharaki was formerly "home-based" on the Geography Graduate Faculty. His re-appointment in Economics recognizes Dr. Fesharaki's world renowned reputation in energy economics.

Roger Blair, University of Florida, has been added to our list of Affiliate Graduate Faculty.
Puzzles and Problems

WHO IS THIS MAN?

Following the early 1970s practice of the Journal of Political Economy, the Department newsletter in this issue introduces a column devoted to puzzles and problems.

Readers of ECONOMICS are invited to submit contributions for future columns. They can be interesting economic problems, surprising economic facts or riddles, economic poetry (particularly poetry related to the international and development fields) -- in short whatever amuses and excites the imagination. Send your submissions to Editor, Dept. of Economics, Social Sciences 542, Univ. of Hawaii, Honolulu, HI 96822.

We start the column with a simple photo puzzle asking readers to try to identify the individual.
(The answer is provided on the last page)

Emeritus Update continued from page 6

Nobel in Economics, and is shooting for an exhibit at New York's Museum of Modern Art, or a Van Cliburn award.

With his wife, Betty, Walter continues to reside in Honolulu. They frequently travel to the mainland, especially to visit with their two children and six grandchildren.

John Power came to U. H. from an appointment at Williams College in 1973. He originally specialized in economic growth and monetary economics, but subsequently did his teaching and research in development economics.

As an overseas consultant, he did much of his work in the Philippines, Kenya, Pakistan, and other third-world countries. Although John retired several years ago, he has continued to teach a course in the department now and then. This semester it is the macro policy course, Econ 605. Although John is worried about the state of macroeconomics, he does think there has been some improvement in the discipline in recent years.

John has always been a runner, having participated in Honolulu Marathons, and he continues to jog daily where he lives in Kanohe. He has (as he puts it) three generations of children: twin boys, then two daughters and a son, and now two daughters still in high school, whom he is helping to raise. There are also seven grandchildren.


In retirement, Mac has continued to write on monetary policy and on the Asian Crisis. In fact, you can access his recent book, “Asian Meltdown,” on the web at <cairncom.com/mac/>. There you will note the author’s name as Raburn McFetridge Williams. He also publishes under the pseudonym Cosmos Mariner and other aliases. Mac apparently believes aliases, like moving targets, are harder to hit.

The year 1995 was an eventful one. Mac married Kaye Larsen, and following his retirement, they moved to Seattle. Mac loves Seattle, characterizing it as a beautiful city of weird, creative people including writers who read their works at coffee houses. We asked Mac, who was infamous as an investor in foreign exchange while in the Department, for some investment advice. He says he is "still short in the market" and advises "the best investment is investment in a stock of (good Hawaiian) memories."

Awards

At the department's spring 1998 awards luncheon the Central Pacific Bank Outstanding Student Award was given to Anthony Fo, and the CPB Leadership Award was given to Anthony Fuji, elder son of the late Ed Fuji.


At a December 1998 ceremony at Lake Tahoe, Jim Roumasset was awarded bride Jane Kirton (editor's note: we do not have a wedding section in the newsletter.) According to Jim, they were actually married twice - once in the Cal-Neva Lodge Chapel on the California side, and again 100 feet away on the Nevada side "just to make sure". The department organized a picnic for the bride and groom at Waimanalo Beach Park after their return.

Alumni in the News

Two of Thailand’s top universities now have Presidents who received their Ph.D.s from the department.

Tienchai Kirananda (1971) is President of Chulalongkorn University, and Naris Chaiyasoot (1983) was recently named President of Thammasat University.

Shigeyuki Abe (1977) now at Kobe University was recently given a permanent appointment at the prestigious Kyoto National University in Japan.

Shankar Sharma (1984) who recently introduced Andy Mason at a lecture he gave in Kathmandu last summer, is Commissioner of the National

Continued on page 14
Alumni in the News

continued

Planning Commission in Nepal.

In the Philippines, Ramon Clarete (1984) and Joji Reyes (1991) - in collaboration with Jim Roumasset - have been working on a USAID-funded project providing technical advocacy assistance to those in the Philippine Congress working for market-friendly economic reforms.

T. K. Jayaraman (1975) recently retired from the Asian Development Bank (Port Vila office) and has accepted a faculty position at the University of the South Pacific in Suva, Fiji. He joins Ward Mardlin (1979) who divides his time between University of the South Pacific and Hawaii Pacific University.

Marcia Sakai (1985), who is based at U. H.- Hilo, is now on a Fulbright Award in Austria where she lectures and researches at the University of Innsbruck, Institute of Tourism and Service Economics.

Suthad Setoonsarng (1982) is Deputy Director of the ASEAN Secretariat based in Jakarta.

Arsensio Balisacan (1985) continues as professor at the School of Economics, Diliman, Philippines. He spends one third of his time at FAO in Bangkok, and his friends tease him that his international reputation as a poverty expert has made him rich.

Bruce Tolenanto (1986), former Undersecretary of Agriculture in the Philippines.

Continued on page 15

A Report from the Chair
continued from page 1

Albright, who ably served on our staff for four years, graduated with a Bachelor's Degree in Communication last December, now works in the State Attorney General's office, and has been accepted into U. H. Law School where she will begin later this year. Evelyn Ho has returned to the Political Science department after an extended and greatly appreciated stay on the fifth floor.

The Department has had an outstanding year. Denise Konan and Jim Mak received Excellence in Teaching Awards, the only two in the College of Social Sciences. Jim Roumasset and Keping Tse's (1998) work with Ujjayant Chakravorty on environmental economics has been the object of great interest since their article in the Journal of Political Economy was published. Jim Mak and a number of colleagues edited a terrific book, "Japan: Why it Works, Why It Doesn't: Economics in Everyday Life."

A more scholarly look at Japan's future is the subject of a project undertaken by the Department and the European Center for Japanese Studies at the Stockholm School of Economics. Summer LaCroix and Byron Gangnes initiated this effort to bring together some of the top experts in the world. Preliminary papers were presented in Stockholm last summer and near final papers were presented in Honolulu in January. Final revisions are underway. Look next year for the results. "Japan's Economy in the Twenty-first Century: The Response to Crisis."

The Department has initiated a major effort this year to strengthen our research capacity by establishing the University of Hawaii Economics Research Organization (UHERO). Carl Bonham deserves much of the credit for making this happen, but many others have put in long hours to bring this to fruition. Our ties to Asia are being strengthened through exchange agreements with Thammasat University in Bangkok and Yonsei University in Seoul.

It has also been a successful year for our students. Naris Chaiyasoot (1983) was appointed Rector of Thammasat University. He joins Thienchay Kiranandana (1971), President of Chulalongkorn University, among the elite of Thai educational leadership. Sirilakasana Chutikul, Ph.D., 1982 is the new Dean, Faculty of Economics, Thammasat University. Shigeyuki Abe has been appointed Professor of Economics, Institute of Southeast Asian Studies, Kyoto University. We expect that the next generation of graduates will enjoy similar success.

The intellectual environment at the Department has been enriched by the presence of several visitors. Augustine Tan, Professor, National University of Singapore, spent several months here and provided us with his insights on East Asia's current economic difficulties. Katerina Sherstyuk, a member of the faculty at Melbourne University, is visiting during the spring and summer and sharing her work on experimental economics. Lada Pregunova, a Fulbright Fellow from Vladivostok, is spending the year working on the economies of Asia and the US.

Assuming the responsibilities of Department Chair this year has been a challenging, but rewarding, experience. I have a much greater appreciation of the contributions of my immediate predecessor, Jim Moncur, and those who served before him. Getting through the year would have been impossible without the support of the staff, faculty, and students. In particular, I want to mention the efforts of Irene Uemoto, Jerry Russo, Chung Lee, Byron Gangnes, Denise Konan, Carl Bonham, Joe Coppinger, and Lou Ross each of whom assumed major responsibilities within the Department.

Japan's Future Studied
continued from page 10

(Stockholm School of Economics), the project began with a workshop in Stockholm in June 1998 and continued with a conference in Honolulu in January of this year. Other UH Economists contributing to the project include

Professors Denise Konan, Chung Lee, James Mak, and Andrew Mason. UH alumni Naohiro Ogawa (1975) (Nihon University) and Shigeyuki Abe (1977) (Kyoto University) also participated. An academic volume is under preparation.
Rose Retires
continued from page 8

State on governmental operations and for the City and County on housing, property taxes and urban transit issues.

He was occasionally controversial, as when he helped stop a city-proposed rapid transit system, fought for economists’ testimony regarding the value of life in State courts of law, and "clarified" the Governor’s campaign statements about the state’s financial condition.

Joan, Lou’s wife of 38 years, recently retired as art critic for the Honolulu Advertiser. They have one daughter – now 24 and an economist (!) on the East Coast. Recently the Roses have sold their Lanikai home and will soon be leaving the islands. After doing some serious travelling (Tibet? New Zealand? The Silk Road? Borneo?), they will probably settle on the East Coast – perhaps in Manhattan, closer to their daughter and the rich culture of that great city.

Snow Retires
continued from page 8

liberalization, and privatization that began in the 1970s. He has been a steady contributor to the Telecommunications Policy Research Conference; the International Telecommunications Society; and the Pacific Telecommunications Conference.

His first sabbatical, in 1980-81, was funded by a Fulbright research grant at the University of Bonn. During the second sabbatical (1988-89) he stayed at UH, took law courses in contracts and torts, and studied law and economics. His third sabbatical (1996-97) was built around extended research and lecture visits at the World Bank and the information policy program at MIT. He was also a summer visitor at Stanford University’s Hoover Institution.

Consulting assignments have included the European Union, the International Telecommunication Union, and INTELSAT. Research grants have come from the National Science Foundation, the State of Hawaii, the U.S. Department of Commerce, and elsewhere.

Departmental service has included stints as chair of the graduate committee, the personnel committee, and the recruiting committee. Having taken retirement at the end of 1998, he plans to remain in Hawaii and maintain an active relationship with the Department.

Focus on Research
continued from page 4

equally to domestic and foreign products, in contrast to standard NTBs. Nonetheless, they can act to segment markets and reduce competition. While deep integration can have substantial beneficial impacts, it generally requires governments to either cooperate and thus not likely emerge in WTO negotiations.

In the context of a European Egyptian trade agreement, Bernard Hoekman, of the World Bank, and I find that PTA-based policy innovations may reduce NTBs that are applied to nonmembers as well as members. It is sometimes argued that free trade agreements between Mediterranean countries and the EU will be detrimental to the former because they already have duty-free access to EU markets for manufactures (Schiff, 1997). But to the extent that a Euro-Mediterranean (EMA) reduces regulatory impediments in the EU, partner countries may gain in market access terms. The greater the share of frictional NTBs in a Mediterranean country’s policy mix, the higher are frictional costs imposed on trade, and the greater the extent to which abolition of such costs applies on a nondiscriminatory basis, the greater the potential welfare gains resulting from a “deep” PTA.

In the Uruguay Round, well over one hundred nations committed to greater openness on trade in goods, services, and technology. Yet, negotiations of regional preferential trade agreements continue to abound. It is important that we gain an informed perspective on the role of PTAs in our move to a more integrated global economy. Much remains to be done!

Alumni in the News
continued

is now a highly successful international consultant.

Ramon Clarete (1984) continues as professor teaching part-time at the University of the Philippines.

Joji Reyes (1991) runs Development Alternatives, a consulting firm in the Philippines, which currently has a $25 million project on economic liberalization and policy advocacy; Ramon Clarete is the project’s mission chief.

Manabu Fujimura (1994) and Suganya Huteserani (1985) are both economists at Asian Development Bank.

Alumni who returned as visiting lecturers last summer include Yuki Abe to teach our Japanese Economy course, and T. K. Jayaraman to teach our Pacific Islands Economy course.

Stephen Noll (1997) is Director of Research for development at the Rockford Chamber of Commerce in Rockford, Ill. Following his hire, Steve wrote, “Apparently there are jobs out there after all … Thanks for all your help with references, recommendations, etc … I believe the MA degree from UH. really made a difference in getting the interviews and in being offered the job in Rockford. Thanks again.”
LET US HEAR FROM YOU

Please send us news about yourself or update your address.

Mail to: Newsletter ♦ Economics Department ♦ SSB 542 ♦ University of Hawaii at Manoa ♦ Honolulu, Hawaii 96822 ♦ USA.

Or email us at: econ@hawaii.edu

Name __________________________________________

Address ________________________________________

Email account __________________________________

UH Degree (s) and date(s) ___________________________ Major Professor ______________

Degree(s) from other institutions and date(s) __________________________

Present position, employer, location ________________________________

Awards, honors, fellowships ________________________________________

Other news and information ________________________________________

Please visit us at our Website at http://www2.soc.hawaii.edu/econ/

The Newsletter Editor is Lou Rose, Professor of Economics, ably assisted by Grant Shiroma.

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RETURN SERVICE REQUESTED

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