The Fall 2001 semester has come to an end, and what a wild roller-coaster ride it has been for students, faculty, and staff at the University of Hawaii! Evan Dobelle became the University of Hawaii’s 12th president on July 1, 2001 and immediately began to excite the University community with his visionary plans for reestablishing UH Manoa as one of the 25 leading research universities in the United States. The September 11 terrorist attacks left us shocked and profoundly affected by personal loss, war, and changes in American life. The ensuing decline in Hawaii’s economy has resulted in personal hardships for many workers, small business owners, and their families. The University of Hawaii Economic Research Organization (UHERO) is, however, forecasting a strong recovery during 2002 (see story below on this page).

Given these turbulent times, I’m particularly pleased that the Department of Economics has taken several big steps forward during the Fall 2001 semester. First, we are happy to welcome Professor Xiaojun Wang to the UHM economics faculty. Professor Wang received his doctorate from Ohio State University and specializes in macroeconomics, econometrics, and the Chinese economy (see inside story). Second, the Department made some major changes to its undergraduate program this fall. These include:

**Revival of the Economics Club.** The Economics Club lives! It now has 17 members and runs an active agenda of meetings, speakers, and projects.

**Hawaii Feels Aftermath of September 11 Attacks**

by Ari Van Assche, Doctoral Candidate and Research Associate at the University of Hawaii Economic Research Organization

UHERO expects that the attacks of September 11 on the World Trade Center and the Pentagon will have far-reaching and lingering adverse affects on the Hawaiian economy. Hawaii will be more negatively affected than many other states because of our reliance on air transportation and tourism. The ripple effects are expected to pull the Hawaiian economy into a moderate recession, with aggregate real income only resuming growth in the third quarter of 2002.

The September 11 attacks immediately threw Hawaii’s tourism industry into an abrupt economic downturn. In the two days after the attack, visitor St
Hawaii Econonomy
(continued from page 1.)

arrivals to Hawaii came to a complete standstill and it has failed to fully recover since. Domestic passenger numbers still remain 5–10% below last year’s levels, while international passenger counts are about 30% lower.

The sharp falloff in visitors led to immediate and dramatic declines in Hawaii’s tourism-related businesses. Tourism businesses responded with a rapid pace of layoffs and reductions in their workers’ hours. Between September 11 and October 13 alone, an estimated 11,000 new initial claims for unemployment insurance benefits can be directly attributed to the attack.

While the initial shock was largely confined to the tourism sector, there are some indications of a general economic fallout. Personal bankruptcy filings in Hawaii increased by 62% in the three weeks following the attacks, an increase that led the nation. We expect that as the tourism downturn continues, weakness will spill over more substantially to the broader economy.

Hawaii’s economic prospects of the next two years crucially depend on economic developments in the U.S. and Japan and on the military and security situation. The fact that a large number of unforeseeable events are likely to drive the economy will undoubtedly increase the forecast error. Our forecasts are based on a number of assumptions about these external forces.

In the event of a continued gradual improvement in the military/security environment and continued monetary and fiscal support by the Federal Reserve and U.S. congress, we expect a short and shallow U.S. recession, with moderate growth resuming in the first quarter of 2002. Japan’s economy, on the other hand, is headed to a severe recession and is not expected to recover until the middle of next year.

Economic weakness in the key markets and lingering concerns about the safety of air travel will delay the recovery of Hawaii tourism. Westbound visitor arrivals are expected to fall 9.2% in the fourth quarter compared with the fourth quarter of last year. Continuing gradual recovery in mainland-Hawaii travel will bring westbound visitors close to our pre-attack forecasts by the end of 2002.

The eastbound outlook is considerably worse, with arrivals estimated to be fully 41% below last year in the fourth quarter. The slump in Japan’s economy will make recovery very slow, so that eastbound arrivals remain far below pre-attack expectations for the next few years.

Hawaii’s tourism-related sectors will bear the brunt of the visitor slowdown. The hotel industry, the transportation sector and the retail sectors combined are expected to shed an additional 6.8% of their workforce by the first quarter of 2002.

The aggregate impact on Hawaii’s economy will be less severe. The unemployment rate will rise 1.1 percentage points to 5.6% by the second quarter of 2002 before falling back somewhat as economic recovery takes hold. Aggregate real income of Hawaii, the broadest measure of overall economic activity that we track, will shrink in the fourth quarter of 2001 and first two quarters of 2002, before resuming growth. By 2003, the stimulus from rebounding visitor arrivals will create robust growth at about a 3.5% annual rate.

The Economics Department invites you to a special event:

“Hawaii and Japan in the Global Economy”

Members of the department will discuss issues related to the Hawaiian and Japanese economies. We will highlight international exchange programs for our students. Refreshments will be served.

January 24, 7–8:30 pm
Architecture Auditorium, UHM campus.
For information, call 956-8496.
Professor Xiaojun Wang

by Undergraduate Major Khor Yea Jye

The Economics Department would like to welcome Professor Xiaojun Wang, who joins the faculty at University of Hawaii at Manoa this fall. His arrival is expected to enhance the research and teaching scope of the department in macroeconomics, econometrics, and the Chinese economy.

Professor Wang is originally from China. In 1992, he graduated from Wuhan University in China with a Bachelor’s Degree in International Economics. In 1995, he finished the graduate program at the same university and received his Master’s Degree in International Economics. Shortly thereafter, he flew across the ocean to pursue a doctoral degree in economics at the Ohio State University.

During his six years at Ohio State, Professor Wang focused on macroeconomics, econometrics, and the Chinese economy. He believes that appropriate macroeconomic policy not only can help developed countries maintain healthy growth, but can expedite the economic progress of developing countries, such as China.

While working on his doctorate, Professor Wang also taught extensively in the undergraduate program at Ohio State. He was awarded the department’s Citation for Teaching Excellence at Ohio State in 2000. At UH, he currently teaches macroeconomics and Chinese economic development courses. Both courses have undergraduate and graduate sections. In particular, the Chinese economic development courses are affiliated with the Center of Chinese Studies, and they are offered for both economics majors and non-majors. He hopes that these courses will encourage students to learn more about the Chinese economy.

Besides teaching, Professor Wang is also conducting research on the Chinese economy and has written several papers on the Chinese labor market. His research found that China has gone through a period of rapid transition from a command economy to a market economy since the late 1970’s. He concludes that China’s economic performance will continue to have a major impact on the world economy.

Professor Wang’s research interests led him to come to UH where the Economics Department has a strong emphasis on Asian economic development. At UH, he expects more cooperation with other institutes and easier access to research resources than almost anywhere else.

Professor Wang has been enjoying his life in Hawaii very much since he arrived in July 2001. UH has a highly diverse student body, and he feels that teaching in a cross-cultural university provides a wonderful experience. In his leisure time, he likes to drive around the island and enjoy the beautiful scenery. In his opinion, a picturesque beach is the best place for relaxation and rejuvenation after a week of hard work.

Advanced Degrees

Qing Wu, MA, Summer 2001.
Life after the Ph.D.

by DoAnne Sanchez

A few weeks ago Doctoral Candidate DoAnne Sanchez caught up with three recent graduates of the Department's Ph.D. program, Jeff Heinrich, Craig Parsons and Natalia Tabatchnaia-Tamirisa. Here are their reflections on UH days, the economics job market, and their current lives as professional economists.

Natalia Tabatchnaia-Tamirisa, Ph.D., has been an economist with the International Monetary Fund in Washington, DC, for almost five years. She started her career there working on the economics of exchange and capital controls and the functioning of foreign exchange markets. Since then she has been involved in the design and evaluation of various Fund policies, particularly those related to Fund surveillance of countries’ macroeconomic and financial policies. “My day is spent juggling different projects,” she said. “I enjoy operational work and also try to make time for research.” Her most recent publications focus on trade in financial services, Malaysia’s recent experiences with capital controls, and globalization of least developed African countries.

A native of Moscow, Russia, who earned her BA and MA there in industrial economics, Natalia remembers her days at UH with fondness. “In my view, one of the main advantages of the program” she said, “is that it offers a valuable opportunity for students to interact closely with the faculty.” She also thinks the international focus of the program is a plus. “Many UH faculty know the Asia-Pacific region well and focus their research on issues pertinent to this region.” Links between the department and the East-West Center are beneficial in this context. “And of course the diversity of the student body in Hawaii gives an opportunity to learn about other cultures,” she said.

Natalia said she applied to the IMF when she was close to finishing up her dissertation. “My dissertation comprised three essays, and that was a good strategy,” she said, “It gave me a portfolio of papers to present at conferences and provided evidence of completed work. It is generally helpful to have some papers in the pipeline before one goes to the job market and to try to present them at various professional meetings.” She also said it is useful to work on more than one research project and, if possible, to teach classes. “This helps broaden professional skills and experiences.”

Craig Parsons, Ph.D., is an Assistant Professor in economics at Yokohama National University (YNU) in Japan where he currently teaches two economics courses and conducts directed readings with master’s degree students. His latest work, “Did the U.S.-Japan Semiconductor Trade Agreement Have any Impact?” is forthcoming in the Asian Economic Journal. He also recently prepared a joint paper with UH Economics Associate Professor Byron Gangnes for a recent conference of the Western Economic Association International.

Craig’s typical day includes teaching, preparing for lectures, meeting with students and faculty, in addition to spending a few hours each day on his own research. For this New Jersey native and Rutgers University alumnus, this seems like a long way from his early days in the program where he says his confidence grew little by little. “After the first year, you have some confidence that you can make it and after you pass one or more comprehensives (qualifying exams), you feel more confident that you’re going to finish.” In addition to the required coursework, taking a directed reading can be a very useful step towards writing your dissertation, he suggests. The field classes provide important general knowledge, he said, and a directed reading can let you focus in on an area. He also suggested that students try to get teaching experience while they’re at UH in addition to submitting an article for publication and presenting at a professional seminar as part of their preparation for the job market and professional life. “You learn a lot from writing for publication,” he says, “because it exposes you to very different viewpoints from others outside the (economics) department.”
Getting a job in the U.S. market can be tough for UH graduates, since some mainland employers are not familiar with the UH graduate program, he said, but it isn’t completely out of reach. It’s a different story if you want to get a job in Asia, he added, “UH is well known there.” This is because many of our students are originally from the region and our faculty tend to do a lot of research in economic problems affecting the area. “So, we (UH graduates) tend to do well in that market,” he said.

Looking back at his student days, some of the courses that help him the most now came from the basic subjects like econometrics and microeconomics. “I suppose it depends on whether you’re intending to seek an academic post or a private sector one, but econometrics probably comes in handy in either event.” His main source during his job search was the JOE website (Job Openings for Economists) sponsored by the American Economics Association. I sent out about 40 applications and had several interviews.” Another important source is by letting people know you are available, he said. Craig credits this informal network as leading to a one-year teaching stint at the University of Alaska prior to his current job.

Some of his most memorable experiences at UH, he said, were Professor Bonham’s end of the semester parties. “I remember the first one I went to,” he said softly. “It was after a 5-hour econometrics exam, and hanging out with other students and faculty was really a good thing to do that day. I think faculty should do that more often, to reach out to the graduate students to help bridge that gap between graduate student and becoming a peer, an economist.”

For Dr. Jeff Heinrich, joining the ranks of academia was his goal from the beginning of his graduate career. Heinrich, who is now an assistant professor of economics at the University of Wisconsin-Whitewater has admirably achieved this goal. One of the attractions of the UH program, he recalled is that the program’s relatively small size gave him opportunities to interact with a lot of people he might not have met, had he remained close to his childhood home in Champagne, Illinois. “One of the big reasons I chose Hawaii,” he said, “is that Hawaii is very ethnically diverse but still within the U.S.” It offers a rich international experience, he added. These days, Fluff, as Heinrich is affectionately known by his UH friends, is dealing with Wisconsin’s bracing weather and the responsibilities of a full teaching schedule. He is teaching four economics classes, including principles and international economics, and he works closely with freshmen students through a first-year seminar. In addition, he has added three pieces in foreign direct investment and international trade to his published research.

“Try to take full advantage of your (dissertation) advisor. That’s your point of contact,” Heinrich said, responding to a question on whether he had any advice for graduate students. He also suggested students try to make presentations and attend conferences to keep from being isolated. Heinrich went on the job market by sending out applications while writing his dissertation. “Having a good paper to send with your applications is really helpful,” he said. In all, he sent out about 30-40 applications and served as a visiting professor before getting his current post.

Craig Parsons

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Awards and Honors

Graduate students Takashi Yamamoto and Ari Van Assche were invited to present their papers at the Harvard East Asia Society Conference Board’s 5th Annual Graduate Student Conference in February 2002.

Omicron Delta Epsilon Honor Society: Lane Ichinotsubo, Kaewkwan Tangtipongkul, Byron Cadiz, Shuhei Yasuda, and Reginaldo Moralejo.

Alumni Currents

Jennifer Kelleher, BA, is now pursuing a PhD at Pennsylvania State University.

One of our past recipients of Hawaii Economic Association outstanding student award, Vanessa Whiteside, BA, has been hired as an economist with the Reserve Bank of Fiji.

David Loomis, BA, landed a job recently with SMS Research, a market research firm in Honolulu.

Francois Kratz, ABD, took a position with the Kamakura Corporation at the Manoa Innovation Center helping to develop their risk management software.

The family of Roger Hill, BA, is celebrating the birth of a son, Christian Lloyd, born August 10th. Roger is Regional Vice President for Wasatch Funds, in Utah, and markets the fund family to prospective clients.

James DeLacy, BA, completed his law degree at UH Law School this year, passed his bar exam in November and was sworn in as a bona fide lawyer last month.

Andrew Kato, BA, a recipient of the CPB Outstanding Student Award, is in his second year (econ) at the University of Maryland.

Neil Miyahira, BA, is the State Director of Budget and Finance.

Burnham O. Campbell Memorial Fund

We in the Department of Economics wish to express our thanks to those of you who have earmarked your donations to the UH Foundation for the Campbell fund. This scholarship fund established in Campbell’s memory will benefit graduate students of economics specializing in Asian development. Your gifts mean a great deal to us.

To ensure accurate processing of your gift, please complete this form and mail it along with your tax-deductible donation to: Burnham O. Campbell Memorial Fund, UH Foundation, P.O. Box 11270, Honolulu, HI 96828-0270.

NAME __________________________________________________________

ADDRESS ______________________________________________________

Enclosed is my check for $ ______________

Payable to “CAMPBELL MEMORIAL FUND, UH FOUNDATION”

I work for a matching-gift corporation and am enclosing a corporate matching gift form.

☐ yes  ☐ no
Tourism Economics—A New Course

Why do I have to fly to Chicago on the way to Atlanta? Why is every passenger on my plane paying a different fare to the same destination? Why do Hawaii tourism businesses offer kama`aina rates to locals? These are some of the intriguing questions at the focus of a new course developed by Professor Jim Mak. Econ 320, Introduction to Tourism Economics, will be offered for the first time in Fall 2002.

Hawaii is second only to Nevada in its dependence on tourism, an industry which represents one-quarter of the state economy. Tourism is also the world’s largest industry, making it the focus of new research and teaching programs at many major universities.

Econ 320 will survey the economics of the tourism industry. Topics include the determinants of leisure travel demand, competition among suppliers of tourism services, benefits and costs of tourism development, government’s role in the industry, its impact on the environment, and sustainable development. The course will use extensive examples from Hawaii and the Asia-Pacific region.

Professor Jim Mak has done extensive research on the economics of tourism in Hawaii and elsewhere. He currently serves on the editorial board of the Journal of Travel Research published by the Travel and Tourism Research Association and the University of Colorado at Boulder.

The course is intended both for economics majors and non-majors, and will be cross listed as Travel Industry Management (TIM) 320 so that TIM undergraduate and graduate students can take the course to satisfy their School’s graduation requirements.

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LET US HEAR FROM YOU

Please send us news about yourself or update your address.

Mail to: Newsletter • Economics Department • SSB 542 • University of Hawai‘i at Mānoa • Honolulu, HI 96822 USA.

Or email us at: econ@hawaii.edu

Name ________________________________

Address ________________________________

Email ________________________________

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 ________________________________

Send a note to your favorite professor! ________________________________

Please visit us at our Website at http://www2.soc.hawaii.edu/econ/
Chairman’s Message

(continued from page 1.)

New Undergraduate Mentoring Program.
The Department has implemented a new mentoring program for undergraduate majors. Students select faculty mentors and meet with them periodically to discuss their career and academic plans and concerns.

Internships. The Department has developed new courses to facilitate the award of academic credit for qualifying internships. We advise students of the importance and availability of internships and are committed to advertising internships on our new much improved Department website (http://www2.hawaii.soc.edu/econ).

New 300-Level and 400-Level Courses. The Department has made a commitment to totally revamp its 300-level curriculum and to make targeted changes in its 400-level curriculum. Several professors have developed new 300-level courses on Japan’s Economy (Professor Greaney), Tourism (Professor Mak), and the World Trading System (Professor Konan). We expect that all three new courses will be offered during the 2002-2003 academic year. Professor Mak is revamping the Hawaii Economy course and will be offering it in Fall 2002. Professor Carl Bonham has updated ECON 340 and changed its name from “Money and Banking” to “Financial Markets and Institutions.” Professors Gangnes and Sherstyuk will be developing new courses on economic forecasting and business strategy during 2002. New 200-level courses are also slated for development during the Spring 2002 semester in cooperation with Hawaii’s community colleges.

New Service Learning Opportunities. The Department will initiate its first service learning course during the Spring 2002 semester. Service learning is a popular new academic experience that combines coursework with community service activities. Students enrolled in ECON 340 (Money and Financial Institutions) will be able to earn 1 additional service learning credit by tutoring students in Hawaii’s high schools on the economics of investing in the stock market.

Aloha,
Sumner La Croix
Chair and Professor