

UH-Manoā Economics: A Brief Modern History, 1962-2007.

In Commemoration of the 100th Anniversary of the University of Hawaii

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The modern history of the UH-Manoā Economics Department is ultimately the story of how faculty, staff, and students have been enriched by participating in a community that creates, values, and disseminates economic knowledge. This history focuses on the people who form the community and on the events and trends that have affected the vitality and quality of the Department's academic and research programs. Hawaii's boom-and-bust economy is one of these forces, as its fluctuations have led to big swings in Department budgets and faculty numbers. By contrast, economic growth and development in Asia has been a stabilizing force for the Department, as it has provided its students and faculty with a rich assortment of policies, institutions, and empirical puzzles that are the necessary ingredients for exciting intellectual exchanges and outcomes.

The economic historian writing this essay has divided the Department's 45-year modern history, 1962 - 2007, into six distinct periods, which have start

and end dates suspiciously close to the turning points in Hawaii's business cycle.

The six periods are:

1. 1962-1965. First Steps
2. 1966-1974. A New Doctoral Program, A New Focus on Asia
3. 1975-1984. A New Home, A Recognition of Limits
4. 1985-1992. Riding Hawaii's Boom Years
5. 1993-1998. Will the Last Person Left Please Shut Out the Lights?
6. 1999-2007. Fortune, Rejuvenation, and Revival.

A quick note of caution to those who desire to compare the Department's achievements across the six periods: such exercises are not a simple matter once we acknowledge that the measures of our discipline--the breadth and depth of its knowledge and analytical techniques, the standards of education defining the economics major, masters degree, and doctorate, and the use of economic theory by educated economists to delineate, understand and evaluate critical public policies--have changed dramatically over the 45 years of modern Department history.

Finally, this history essay is terribly unbalanced in its treatment of faculty, graduate students, and undergraduate majors and minors. You, the reader, can help us remedy some of these problems. You can enliven this faculty-drenched narrative by contributing your recollections of the best achievements of our

former undergraduate majors and minors, by remembering a faculty visitor from years past, by reminding us of the forgotten students tormenting and enriching our classes, by sending us photos from your UH days and today, and, yes, by sending us your personal remembrances of the multiple choice questions with no answers, the macro model with multiple equilibriums that you thought you knew until it appeared on a qualifying exam, or the buckets of lemons that Dr. Hasegawa (a doctoral student during the 1970s and 1980s) often left in front of 5th floor office doors. Please send us an e-mail (econsuccess@hawaii.edu). We'll add your (edited) comments and photos to our centennial blog, which is located on our centennial page: <http://www.economics.hawaii.edu/centennial>.

I. First Steps

Professor Emeritus Robert Kamins dates the end of the early years of economics at UH-Manoa as the 1962-1963 academic year, when economics faculty with appointments in UH-Manoa's College of Arts & Sciences and in its College of Business Administration choose to affiliate with just one of the two colleges. The birth of the modern Department could not have been better timed: The 1962 election of John Burns as Governor of Hawaii, the 1963 appointment of Dr. Thomas Hamilton as President of the University of Hawaii, and a soaring state economy fueled by the euphoria of statehood and eager tourists embarking

on their first flights on the first commercial jet planes ensured that President's Hamilton's ambitious expansion plans for the University would receive due consideration, political support, and substantial funding from the State's new legislature.

In late 1962 Governor John Burns appointed Professor Shelley Mark to be the Director of the State's Department of Business and Economic Development. (Only a few years earlier, Shelley had employed an undergraduate economics major and boxer from Japan—the future Professor Seiji Naya—as his research assistant.) A 1964 transplant from UCLA, Graduate Dean (and recognized economist) Wyzte Gorter recalled the many 9 pm phone calls “requesting” his presence at late night meetings at Washington Place (the Governor of Hawaii's official residence) to hammer out education, labor, taxation, and health care policies for the 50th state. It was during this period that the State of Hawaii began to use more intensively the services of the Economic Research Center (established in 1952) to study the economic foundations and implications of existing public policies and proposed reforms. It is certainly no exaggeration to claim that the active involvement of Department faculty in analyzing proposed and actual state economic policies has deep roots in this period.

Professor Tom Ige, a graduate of Johns Hopkins University and a student of Professor Richard Musgrave, a leading public finance specialist, was

Department Chair in the early 1960s, while Bob Kamins, another economist specializing in public finance, served as Chair in the late 1950s. Among the young professors in the Department in the early 1960s was Ronald Hoffman, the older brother of the actor, Dustin Hoffman. Leaving the Department after four years, Hoffman moved to the Social Security Administration, to the Council of Economic Advisors, and then to UCLA Law School. John Weis, a brilliant but truly eccentric academic, began a series of visits to the Department in the early 1960s. He entered Department lore by arriving at a series of faculty homes unannounced, hoping to be invited for dinner. First notice of his presence was usually the sight of an uninvited visitor foraging in the refrigerator, and large amounts of food and lots of food out on the counters. Just Professor Weiss foraging for food in another faculty home.

A young associate professor, Ryuzo Sato, sought refuge from the anti-Japanese attitudes he encountered as a faculty member at the University of Washington and was quickly elevated to Department Chair after joining the Department in 1963. Like Tom Ige, Sato was a graduate of Johns Hopkins University and a student of Richard Musgrave. He would serve as Department Chair for the 1964-1966 academic years, but would find an offer to join the faculty of Brown University during the following academic year too tempting to turn down.

II. A New Doctoral Program and A New Focus on Asia: 1966-1974

The University of Hawaii's commitment to establish a doctoral program in economics was cemented when it hired a highly respected UCLA economics professor, Dr. Wytze Gorter, to become Dean of the Graduate Division in 1964. (Wytze would go on to become the first Chancellor of UH-Manoā in 1972. A fracas with the UH Board of Regents, who bypassed him when they extended the contract of football coach Larry Price—yes, the Larry Price of KSSK's *Perry & Price in the Morning*—led to his resignation as Chancellor in 1974.) In 1966 the UH-Manoa College of Arts & Sciences would once again turn to the UCLA Economics Department to hire an outside faculty member—Burnie (short for “Burnham”) Campbell—to become Department Chair and to lead the effort to form a nationally recognized economics department.

Burnie served 12 years as Chair (punctuated by several overseas leaves) and would leave his mark on the Department in three big ways: (1) Hiring large numbers of young, talented faculty to staff the fast expanding program; (2) establishing a new research focus on Asia's developing economies; and (3) guiding the development of the State's and the University's first doctoral program in economics. With a faculty that was staffed predominantly by junior members fresh out of graduate school, he acted more as the Head of the

Department than the Chair, as his somewhat autocratic yet widely accepted decisions firmly established the direction and the culture of the Department. While he consulted with a handful of senior faculty and close confidants (notably Professors Larry Miller, Harry Oshima, John Power, and Seiji Naya), he rarely held more than one faculty meeting each academic year. All proposals were almost always accepted unanimously, due to his “coffee-cup” diplomacy, whereby he would fashion a departmental consensus before the meeting began. He was widely judged to be fair and easily approachable and worked to incorporate others’ ideas in Department policies and decisions. For example, he acceded to Larry Miller’s idea of evaluating the research of faculty members by a point system (“Miller points”) that assigned higher points to publication in top-rated economics journals, etc. Campbell kept tight reins on how the Department’s money was spent and made final decisions on which mainland professors would be invited to visit the Department.

And the department had great visitors in the 1970s, among them, Milton Friedman (U. Chicago), Armen Alchian (UCLA), Dan Suits (Michigan State U.), Akira Takayama (Purdue U.), P.T. Ellsworth (U. of Wisconsin), Frank Hahn (Cambridge U.), Hirofumi Uzawa (U. Tokyo), Miyohei Shinohara (Hitotsubashi U.), and the unforgettable Maurice McManus (Manchester U.) who liked Hawaii

so much that he stayed on far past his appointment. Maurice finally left Honolulu after the Department gave several farewell parties for him.

During the 1970s, the department picnics and parties were regular events. During one of those picnics at Kapiolani Park, Professor Walter Miklius broke a rib playing in a soccer match against a team of graduate students. The picnics were far surpassed by the great parties which Burnie and wife Carole hosted each year at their spacious and beautiful, ocean-view home on lower Waialae Iki.

A quick look at the 1971 faculty reveals an eclectic group of enthusiastic young faculty of faculty with interests and looks more diverse than their economics. Jim Mak had black hair that flowed down to his shoulders. Jack Tawil lived on a boat at the Ala Wai Yacht Harbor, watching sunsets while pondering new methods for reducing taxes paid to the IRS. Rich Burcroft briefly lived in his VW bus parked at various city parks after UH Campus Security warned him that he could not sleep in his office. John Haines regularly played the commodity markets, until he discovered that to hold a position into a contract's final thirty days, one had to come up with a great deal more money than he would ever see. Bob Ebel and his wife, Claire were both drawn to local politics. Claire was the head of the George McGovern Campaign for President in Hawaii, and both were active in the failed attempt to elect Lt. Governor Tom Gill as Governor of Hawaii in 1970. Gill was soundly defeated by Incumbent

Governor John Burns in the Democratic Primary. And Gary Walton was...well, the same unique irrepressible character who became the founding Dean of the Graduate School of Administration at the University of California, Davis and who today presides over a national foundation that delivers training courses in economics to K-12 economics teachers anywhere they can be found.

The Department's new graduate program added excitement to this young group, for while student numbers were small, the new faculty and the graduate students from Asia were eager to see the new program succeed. The close knit atmosphere, the attention paid to the development of doctoral dissertations, and the many informal department gatherings allowed many of the graduate students and faculty from this era to become personal friends and professional collaborators. Burnie kept in touch with many of his former students and hired two of them back: Ed Fujii, a UH-Manoā B.A. in economics who received his Ph.D. from Stanford University, and Jim Roumasset, a UH-Manoā M.A. in economics who received his Ph.D. at the University of Wisconsin.

Burnie hired several faculty for joint appointments with the Economic Research Center (ERC). The ERC's Director in the late 1960s was Professor Walter Miklius (Ph.D., UCLA), a transportation economist, the Department wit and curmudgeon, and, now comfortably in retirement in Prescott, Arizona, a composer of self portraits and piano CDs. Walter was a strong advocate of

teaching “useful economics” which he defined as anything but what we were actually teaching. When he later served a brief stint as Chair of the Department, he had a sign on his door which read, “Tell me what you want, and I’ll tell you how to get along without it.” The ERC was the economic research arm of the Hawaii State Legislature and its primary mission was to produce economic forecasts for Hawaii and to conduct research on burning public policy issues facing the newest state and its booming tourism industry. Among those hired by Burnie for the ERC were Moheb Ghali (Ph.D., U. Washington via Egypt), Dick Pollock (Ph.D., U. Wisconsin), Salvatore “Sal” Comitini (Ph.D., U. Washington), Robert “Bob” Ebel (Ph.D., Purdue U.), and Bertrand Renaud (Ph.D., U. California-Berkeley). When large state fiscal shortfalls forced the ERC to dissolve in 1974, its research staff was dispersed to the Department of Economics, the Social Science and Linguistics Institute (later renamed the Social Science Research Institute – SSRI), and the Department of Agricultural and Resource Economics. Despite the ERC’s closure, Hawaii-related research and service continued to be important missions of the Department. Several former ERC faculty continued to focus their research on public policy issues in Hawaii, and a new undergraduate course on Hawaii’s economy became a regular part of the curriculum in the early 1970s and continues to be a popular course.

Wytze Gorter was instrumental (along with First Hawaiian Bank Chief Economist Tom Hitch) in founding the Hawaii Council on Economic Education, a group of business leaders, economists, union leaders, K-12 teachers, principals, and Hawaii Dept. of Education officials. The Council had the goal of promoting and enhancing economic literacy in Hawaii's public and private K-12 schools and raised money to help UH-Manoā's Center for Economic Education provide in-service courses for Hawaii's K-12 economics teachers. Many of the Department's faculty and graduate students would become heavily involved in Council and Center's programs. Housed on the fifth floor of Saunders Hall, Dr. Steven Jackstadt headed both groups from 1971. An extremely outgoing and personable individual, Steve managed to involve Hawaii's leading business executives, education leaders, and union officials in the Center's programs. During his tenure, economics became an established part of the social studies curriculum in Hawaii's schools. After Steve's departure for the University of Alaska in 1985, faculty affiliated with the Center for Economic Education would continue to educate K-12 economics teachers, but would mourn the end of Steve's lunches with business leaders and faculty at the Outrigger Canoe Club and the Pacific Club.

A head count of the faculty members— who either held full-time or joint appointments—in the Department in the early 1970s tallied some 30 people! (Not

all were on the faculty concurrently.) One reason for the high head count is that joint appointments for economics faculty were common in the early and mid-1970s. In addition to the faculty with ERC ties, Rich Coffman (School of Public Health), John Richards and Hans Overbeek (East-West Center), Edwin Fujii (Urban and Regional Planning), and James Moncur (Water Resources Research Center) had joint appointments.

Rising University enrollments—byproducts of the military draft and the Vietnam War, a growing university-age population, and a booming state economy—and a new doctoral program meant that the Department would try to hire 6-9 new tenure-track faculty annually from 1969 to 1971. In fact, Burnie would personally recruit 21 tenure-track faculty during the 1969-1971 period. Before leaving Hawaii for the recruiting sessions at the late December meetings of the American Economics Association, he would spend several days at the beach acquiring a deep tan, the better to leave potential recruits at the usually very cold annual meetings with first-hand images of the weather and fun times in Hawaii. Of course, first impressions were critical in faculty recruiting during the 1960s and 1970s, as the University of Hawaii did not offer fly-outs to job candidates! Job offers were often timed to coincide with a huge snowstorm on the mainland, and Burnie would typically preface the offer with an off-hand

comment that he had just come in from tennis or the beach and that the weather was magnificent.

Until the summer of 1974, most of the Economics Department was housed on the 4th floor of Spalding Hall, although, with expansion, a couple of faculty later shared a partitioned classroom on the 2nd floor. Teaching assistants were housed in World War II temporary “Quonset” huts (with the curved corrugated roofs), located along Maile Way directly mauka of Spalding Hall. Because space was at such a premium, junior faculty members shared hotbox offices, armed only with fans (personally supplied) against the afternoon heat and humidity. Four to six professors shared a single phone number. The secretary answered all incoming calls and used a buzzer system to alert the professor for whom the call was intended.

Recitations from language classes across the hall from faculty offices (doors were always open to let the trade winds blow through) were a daily ritual for the huge cohort of assistant professors. Armies of students from the language departments sat on the floor right outside faculty offices waiting for their classes to begin. Instructors of the language classes regularly complained about the noise of typewriters coming from faculty offices!

Faculty research was clearly focused on Asia. Professor Harry Oshima was at the heart of these efforts. His prolific career would lead him to spend

many years at the University of the Philippines and Thammasat University. His books on monsoon agriculture and his work on income distribution in developing economies (the “Kuznets-Oshima Curve”) were already established classics. His remarkable career and prolific research output never waned even in “retirement.” Just days before his death in Honolulu in the late 1990s, he was in his East-West Center office, putting the finishing touches on his book on income distribution in Asia. He often joked to Sumner La Croix (who had the office next door) that it wasn’t even worth a bet to figure out who would go home first!

One of Harry’s biggest contributions to the Department was his leadership in the early 1970s in securing a substantial grant from the Rockefeller Foundation to the Department. The grant allowed several UH-Manoā economics faculty to make extended visits, usually for two years, at Thammasat University in Bangkok, Thailand. In return, a constant flow of Thai students arrived in Honolulu to earn their graduate credentials. In Bangkok, the UH faculty taught economics courses (in English), conducted research on the new, somewhat fragile Association of Southeast Asian Nations (ASEAN), and provided assistance to Thammasat’s economics faculty and administration in establishing Thammasat’s own graduate program in economics. Larry Chau (who would leave UH after his Thammasat stint to join the faculty of Hong Kong University), Jim Moncur, Seiji Naya, and Burnie Campbell were delighted to find themselves

living in Bangkok, although a military coup provided a few unnecessary thrills and chills. Seiji Naya even learned to speak passable Thai, and all three developed a keen taste for Thai food, which they shared with their colleagues after returning to Manoā. The Thai students at UH earned their graduate degrees and embarked on amazingly successful careers in government and academia. Not surprisingly, the flow of Thai students has continued long after the Rockefeller grant ended. Many students who came to Manoā during the pioneering years of the economics Ph.D. program became faculty members at Thammasat University. In particular, Naris Chaiyasoot (Ph.D., U. Hawaii 1983) rose quickly through Thammasat's hierarchies to become the University's rector (its president) in 1998.

The contacts established with Thammasat University in the 1970s provided the basis for establishing a student exchange program that allows economics major in both universities to spend a semester (or two) at the other university. UH-Manoā economics majors who take advantage of the opportunity typically report back that the experience of studying at Thammasat and living in Bangkok was the highlight of their college years. The Department also has an active student exchange program with Nihon University in Tokyo, Japan and a faculty exchange program with the Research Institute of Economics and Business at Kobe University, Kobe, Japan. Professors Mak, Bonham, Lee, and Naya have

been visitors at Kobe University, while Professors Abe and Igawa have been visitors with the Department.

III. A New Home, New Colleagues, ... And No New Funding, 1975-1984

In 1974, the Department moved from cramped Spalding Hall to a brand new seven-story air-conditioned office and classroom tower, Porteus Hall (renamed Saunders Hall after the mid-1990s discovery that Professor Porteus had been actively involved in groups promoting eugenics), which also became the home of several other social science departments. Each department helped to design the layout of its faculty offices in the final stages of construction, and economics faculty—who had often shared offices in Spalding Hall—expressed initial satisfaction with their new 5th floor home. But before long, they discovered an inconvenient truth: Faculty offices in economics were much smaller than those in sociology, geography, and political science, which had double-offices for senior faculty! Hallway talk soon turned to whether some not-too-attentive faculty member in economics had O.K.'d designs during or after a particularly lively department party.

Three signal events in the early 1970s lead to declines in the number of faculty positions in the UH-Manoā, the College of Arts and Sciences and the UH budget. First, Lt. Governor Tom Gill challenged incumbent Governor Johns

Burns in the Democratic primary for the 1970 gubernatorial nomination. Gill was the favorite of many UH faculty, Burns won, and state government spending on UH stagnated. Perhaps the funding cut was the logical result of the 1970-1971 U.S. recession, which had spilled over to Hawaii's economy and the state's tax revenues; or maybe it was fast punishment meted out by the patriarch of the Democratic Party to his rebellious children, a privileged group that had received his special attention and so many favors. Second and third, the establishment in 1972 of the UH-Manoā John Burns School of Medicine and in 1974 of the UH-Manoā William Richardson School of Law diverted—by some accounts—more than 100 faculty positions from the UH-Manoā College of Arts and Sciences to the new schools. The position cuts came at a particularly bad time for the Department, occurring just as many of the assistant professors hired in 1969-1971 were leaving the University. Other faculty—Gary Walton and Bertrand Renaud—had already left Hawaii, attracted by visions of greener pastures at Indiana University and the OECD, respectively. By 1982, only 7 of the 21 new economics faculty hired in 1969-1971 were still with the Department. The bleeding continued when H. Robert Heller, one of the more well known members of the Department, left in 1976, lured by the considerably higher salaries paid senior management by the Bank of America, at that time a bank securely moored in San Francisco. In 1986, President Reagan would appoint Bob

to the Board of Governors of the Federal Reserve System, a job which he would resign after just three years to return to the good life of Marin County.

UH-Manoa's doctoral program in economics graduated its first student, Sukhdev Shah, in Fall 1973. His dissertation, *Money in Nepal: An Analysis of the Growth and Fluctuations in the Nepalese Money Stock, 1957-1972*, was the first dissertation and the first of many dissertations to analyze Asian money supplies. Most graduate students in the first few entering classes were from East and South Asia. Many would return to their home countries to embark on truly spectacular careers in business, government, and academia in their home countries or at international organizations such as the Asian Development Bank, the World Bank, or the International Monetary Fund. Among the first graduate students was Chatt Wright, who would become the President of Hawaii Pacific University. Ae Sil Kim would hold the distinction of being the first woman Ph.D. economist from Korea; she currently serves in the Korea national legislature. Marcia Sakai would become the Dean of the School of Business and Economics at the University of Hawaii-Hilo. Shigeyuki Abe went on to teach at Kyoto University, one of the most prestigious universities in Japan. Yuki and two UH-Manoa economics Ph.D.s (Yumiko Okimoto and Akihiko Kawaura) would abandon posts in prestigious public universities in 2004 to assume positions at a respected private university, Doshisha University in Kyoto, Japan.

Between 1974 and 1979, Burnie Campbell recruited a second group of talented young faculty to bolster the Department's expertise in fields that were critical to the Department's research focus on policy issues in Asian economies and Hawaii's economy. Jim Roumasset (U. Hawaii, MA; U. Wisconsin Ph.D.) arrived with extensive knowledge of rural life in the Philippines, a life-long fascination with contractual arrangements in agriculture, and a theoretical tool kit packed with welfare economics, and agency theory, all of which would be profitably absorbed by several generations of graduate students who enrolled in his development economics courses. Andy Mason (Ph.D., U. Michigan) and Linda Martin (Ph.D., Princeton U.) arrived in the mid-1970s as joint appointees with the East-West Center's Population Institute. They advised legions of UH-Manoa students with EWC fellowships from the Population Institute, and (occasionally) found colleagues using such phrases as "demographic transition" in their own research. Ed Fujii (B.A., U. Hawaii; Ph.D., Stanford U.) was delighted to leave Tulane University in 1977 and to return to his home state, initially on a joint appointment in the Department and UH-Manoa's Department of Urban and Regional Planning. Asked by Burnie Campbell to consider refocusing his teaching and research on a new field, labor economics, Ed plunged into his new assignment so vigorously that he quickly became known for his encyclopedic knowledge of the labor economics literature. All of his courses

were very popular and unbelievably well organized. Ed would have detailed syllabi, homework assignments, and mid-term and final exams all prepared before classes began. Marcellus Snow (Ph.D., U. California, Berkeley) brought new expertise on econometrics and telecommunications economics. In the early 1980s he presented a paper on economies of scope to a Department seminar and was sharply criticized for inferring too much from a regression with too few degrees of freedom. Noting the problem, he returned 10 years later to present the paper with an extended data set, wryly noting that a little bit of patience had allowed the degrees of freedom problem to be resolved. At retirement, Marcellus and his wife Jo made a generous donation to the Department to refurbish office space for emeriti faculty. Raburn “Mac” Williams (U. Chicago) moved from the UH-Manoā College of Business Administration to the Department in 1978. Mac began teaching courses in monetary economics infused with huge doses of Chicago theory, an endless array of stories from the economic history of the United States (he is the profession’s and the world’s ONLY unabashed admirer of U.S. President Warren G. Harding), and boundless good humor. Chung Lee (U. California-Berkeley) visited the Department during the 1975-76 academic year and accepted a permanent offer in Spring 1980. His UH-Manoā offer letter stated that he should “develop and foster a cadre of Korean economists in the fields of international and development who would make all

important decisions regarding the Korean economy.” [OK, that line is a joke; it was not in his offer letter.] One can make a strong case that he accomplished this mission. The large numbers of Korean, Thai, and Philippine graduate students who returned to their home countries to take key jobs in academia and government are still (and perhaps insensitively) referred to in their home countries as the “Hawaii mafia”.

The late 1970s and early 1980s saw several professors cross the Pacific Ocean in search of the next big opportunity. Professor Youngil Lim (international trade and development) left in 1981 for a position at the United Nations in Vienna, Austria. A very painful departure occurred when Max Fry (Ph.D., London School of Economics) left for University of California, Irvine in 1981 because the UH administration refused to respond to Irvine’s generous offer. A prolific writer, Max was one of the leading experts on finance and development and had brought tremendous energy to the department’s graduate program as its chair. He involved his graduate students in his research projects. Together they estimated money supply functions for just about every Asian nation with accessible data. He was equally comfortable hobnobbing with Central Bank presidents in three-piece suits or socializing with graduate students and colleagues in shorts and rubber slippers (rarely did he wear shoes on campus; if he did you knew he had a business meeting downtown); but he

insisted that he bought a new pair of slippers every year. He and wife Celia were accomplished musicians, he on the viola and she on the cello. They played (socially) with members of the Honolulu Symphony. Not to take *anything* away from Professor Chung Lee's scholarly demeanor and vast worldly knowledge, but the departure of Max and his crisp British accent materially diminished the Department's ties to the ancient academic traditions of English universities. As much as he loved Hawaii, he never got used to eating the local steamed rice, which he called "the glutinous stuff". With his offer from UC-Irvine left unopened by the UH administration, Max became a symbol in the Department for growing administrative indifference toward productive economics faculty at the start of the 1980s.

For almost two decades after his 1970 arrival, Moheb "Mo" Ghali (Ph.D. U. Washington) brilliantly taught the required and sometimes dreaded first-year graduate course in econometrics. Mo confidently produced applied econometric research on Hawaii's economy that was regularly published by reputable university presses and the leading economics journals. He was one of the most prolific publishers in the Department and continued to publish even after he became the Associate Dean of Graduate Studies in 1980. In 1993 Mo would flee the rainy, green tropical forests of Manoā valley for the even rainier and greener fir forests of Western Washington University in Bellingham, Washington—an

up-and-coming university that children of UH-Manoā economics faculty would pepper with applications—to become its Vice-Provost and Director of Graduate Studies.

Economic growth and housing prices in Hawaii boomed in the late 1970s, but followed the national economy into recession and decline from 1981 to 1983. As usual, declining state tax revenues led Governor George Ariyoshi to cut state appropriations to UH. UH-Manoā Chancellor Durwood Long responded with budget cuts and hiring freezes. The fiscal austerity had a telling effect on the Department and the Campus, as travel funds, seed money, and faculty morale all plunged. In August 1981, Sumner La Croix (Ph.D., U. Washington) arrived in Honolulu to teach microeconomics and industrial organization and was quite surprised to find that he was the only assistant professor in a Department with 19 full-time faculty positions!

In 1983, faculty salaries at all ranks at UH-Manoā were far below their national counterparts. (In 2007, salaries of assistant and associate professors are competitive with national averages, while salaries at the full professor level remain far below national averages.) Combine the double-digit inflation of the late 1970s and early 1980s with stagnant, low salaries, shake, and serve a very combustible drink! An angry faculty voted to strike, and a two-day long strike ensued, with the Department split over the righteousness of the endeavor. At

the end of 1984, President Fujio Matsuda resigned, and an energetic and always optimistic Academic Vice President Albert Simone (PhD., MIT), became interim President and then President of UH. Simone was an economist who had previously been Dean of the College of Business Administration at the University of Cincinnati. The UH Board of Regents—tired of the in-fighting between President Matsuda and Chancellor Long—also named Simone to be the UH-Manoā Chancellor. He presided over the largest expansion of the University since the early 1960s, helped win large raises for faculty, and proved to be an excellent politician when in the company of legislators. Simone resigned to become President of Rochester Institute of Technology in 1991—the year in which the Hawaii economy began its decade-long siesta.

IV. Riding Hawaii's Booming Economy: 1984-1992

Hope for the Department's future revived in 1984. Hawaii's economy began a seven-year expansion. Line of tourists piled off 747s in record numbers, Japanese investors paid record prices for already pricey properties, John Waihee became Hawaii's first native Hawaiian governor, and some of the soaring state tax revenues were directed towards a University that had endured 14 years of roller coaster support from the state. Repairing a damaged institution turned out, however, to be a job that was quite different from building a de novo

institution. For instance, Hamilton Library, a highly ranked research library at the start of the 1970s, would never recover. Deteriorated research facilities and classroom and office buildings couldn't be upgraded quickly enough.

Professor Fred Hung chaired the Department from 1981 to 1987, a period spanning the budgetary retrenchments of the early 1980s and the budgetary expansions of the mid-to-late 1980s. Shortly after his retirement from UH-Manoa in 1987, Fred and his wife, Hwa, made a major donation to the University of Hawaii Foundation that provides full funding to an economics graduate student from China or Taiwan conducting doctoral research on China's economy. Fred and Hwa's gift is the largest ever received by the Department and serves as a testament to Fred's personal commitment to building an economics department with a research focus on the Asia-Pacific region.

From 1983 to 1986, Seiji Naya was the Chief Economist of the Asian Development Bank. During this time, Seiji convinced the Bank to establish Asian Development Bank Scholarships to bring promising Asian students to Hawaii to study at the East-West Center and the University of Hawaii. For the last two decades, the ADB Scholarships have funded many of the Department's doctoral students as well as students enrolled in other UH graduate programs. The ADB scholarships have contributed immensely to the success of the Department's graduate program, and we thank Seiji for his unceasing efforts supporting our

programs. In May 2006, the University of Hawaii honored Seiji as a Distinguished UH Alumnus.

In 1984, the Dean of the College of Social Sciences gave the Department permission to hire two new faculty. Two new assistant professors, Calla Wiemer (Ph.D., University of Wisconsin) and Maria Gochoco (Ph.D., Columbia University) brought expertise in China's reforming economy (Wiemer) and brought monetarism à la Philip Cagan, with a heavy dose of rational expectations and assumptions of imperfect competition (Gochoco). Their appointments are particularly notable, as they were the first full-time tenure-track female professors hired by the Department. Calla Wiemer would later become the first full-time female faculty member in economics to be awarded tenure and promoted to associate professor, while in 2002 Denise Konan would become the Department's first full-time female full professor and in 2004 the Department's first female department chair.

Between 1986 and 1993, the College of Social Sciences authorized five new hires. Gerard Russo (Ph.D., Northwestern U.) would quickly become known for his inspired (and loud!) teaching of microeconomic theory. His in-depth understanding of Hawaii's Pre-Paid Health Care Act has both informed and launched a small fleet of research projects, while his willingness to speak at any and all health-related conferences, workshops, and meetings continues to

provide a valuable interdisciplinary lifeline for Hawaii's community of health and health care professionals.

Carl Bonham (Ph.D., U. Texas) brought deep interests in time series econometrics and wind surfing from Texas. Why only one interest (time series econometrics) has been fully pursued is a question that only the trade winds can answer. Byron Gangnes (Ph.D., U. Pennsylvania) came to Honolulu armed with the Penn Forecasting Model. His recent papers indicate that he has yet to disarm. Carl and Byron's careers assumed a common trajectory when their leadership led to the founding of the University of Hawaii Economic Research Organization in Spring 1998. Nine years later, UHERO forecasts and reports stand out as the most respected source of information regarding the current state and the future course of Hawaii's economy. The University of Hawaii selected them to be the recipients of the 2007 Hung Wo and Elizabeth Lau Ching Foundation Award for Faculty Service to the Community.

Denise Eby Konan (Ph.D., U. Colorado) arrived in 1995 from Bolster to bolster our expertise in international trade theory and computational economics. Ten years later, Professor Konan had leapfrogged through the UH-Manoa administrative ranks to become Interim Chancellor in August 2005. (See the next section for more on Chancellor Konan's career in the Department and the University.)

The impact of the new hires was partially offset by a career move, an unexpected death, and two retirements. Professor Linda Martin left the Department and the East-West Center for the National Academies of Sciences in 1988. Her subsequent career would lead her to Santa Monica, California as the Vice President for Domestic Research for the Rand Foundation and then to New York City to become the President of the prestigious Population Council in 1999. In 2004, Linda returned to the National Academies of Science where she continues to publish at the highest levels.

Professor Larry Miller, long-time guardian of the graduate microeconomics sequence and core examinations (A sample question: Why are buildings in town tall and buildings in the country short?) and friend to many faculty and students, began a term as Department Chair in July 1987 but was immediately beset by serious illness. His untimely death in 1988 was a shock to all of us. Within the Department, the Department used donations from the Miller family, economics faculty, and friends and students to refurbish Saunders Hall, Room 515—the Department’s large seminar/meeting room—and to rename it the Miller Room. It was dedicated to the memory of a senior professor who would sit at the back of the seminar room when junior faculty were presenting their research and write notes in his “little black book”. While no one knew exactly what he wrote in his little black book (he never disclosed its contents), it

brought fear amongst the junior faculty because it was widely believed that Larry was taking notes to use in tenure decisions. Despite the black book and a sometimes gruff demeanor, he was a low-key Department Personnel Committee chair who took relatively measured decisions.

Unfortunately, premature death would plague department faculty in the late 1980s and early 1990s, with three more senior UHM Economics faculty passing away at relatively young ages, among them Ed Fujii in 199x and Dick Pollock in 199x. The much beloved and recently retired Burnie Campbell also suddenly passed away in 199x, just as he was preparing to leave for Japan to take up a visiting professorship there. In his memory the Campbell family and other donors established an endowment at the University of Hawaii Foundation to support needy graduate students in their final months of writing a dissertation. It is a most fitting award, as Burnie always came forth to mentor the most difficult cases among the PhD candidates to make sure that they had a fighting chance to finish.

A major change in the office staff occurred in 1995 when Juliet Pila, the Department Secretary, retired. Who can forget her? She was a fixture in the department office and had been with the Department longer than anyone else until her sudden retirement shortly after her husband passed away. The hard working Juliet Pila was also an Iron Lady. No one dared to cross her. If she

liked you, you were golden; if not, the wilderness called. With her departure, much of the institutional memory of the Department was lost. Pat Nishita, whose tenure in the office overlapped with Julie's, served as Department Secretary after Julie's retirement, along with a series of temporary or loaned personnel. Pat retired in 1997, and Jim Moncur, then Department Chair, quickly realized who did most of the work in the office. He embarked on a frantic search for her successor and came up with an experienced person, Irene Uemoto. Transferring from the UH-Manoā Department of Communications in 1998, she immediately noticed how much busier the Economics Department was. Often arriving at 6 am to tackle her growing work load, Irene's dedication and her skilled use of a huge network of UH staff has kept the Department running on a smooth path. She has survived the training of five new chairs and awaits, with some trepidation, the arrival of a sixth in August 2007.

V. Will the Last Faculty/Student Left Turn out the Lights? 1993-1999

In 1970 when Boeing was laying off huge number of production workers at its Seattle plants, a billboard appeared on the I-5 freeway in South Seattle with the message: "Will the last person left in Seattle please turn out the lights!" At times in the 1990s, the atmosphere in then Porteus (now Saunders) Hall had a similar gloomy mood. Death, retirement, resignation, cancer-causing antennas,

long leaves of absence—and, yes, severe budget cuts—took their toll during this period. The unexpected early deaths of Ed Fujii and Dick Pollock shocked all, leaving the department short of dissertation advising, expertise in the fields of labor economics and public finance, and their personal dedication to the University community. The retirements of Lou Rose, Walter Miklius, and Mac Williams left the Department without their friendship, parties, quirky humor, and expertise in transportation economics, monetary economics, and urban economics.

Other career transitions also left the Department short-handed. Department Chair Seiji Naya took an 8-year leave in January 1995 to join the newly-elected Governor Cayetano's cabinet as the Director of the Department of Business, Economic Development, and Tourism (DBEDT). In sum, poor prospects for the University, low faculty pay, and the siren songs from potentially greener pastures left the Department with ten fewer associate and full professors.

At the same time, Hawaii's economy entered into a decade of decline and slow recovery. As Governor Cayetano prepared to take office in December 1994, the State and the University's future seemed bleak, with state finances in turmoil and leading industries in decline. In the mid-1990s, state support for the University collapsed. The University administration responded by cutting

budgets. As professors hired during the 1950s and 1960s retired, faculty numbers fell rapidly, as Dean Richard Dubanoski authorized only three new assistant professors to be hired as replacements.

The decline in faculty numbers had big consequences. Numerous classes could not be offered on a regular basis. Faculty members were hard pressed to meet service obligations within the Department and the State. Long-standing “institutions” in the Department, such as the Friday afternoon seminar series and informal meetings with graduate students, began a painful decline. Rapidly shrinking student numbers at both the undergraduate and graduate levels proved unresponsive to quick fixes. A new master’s program in applied economics had to be abandoned, just two years after its initiation. Faculty salaries, adjusted for inflation, declined. Student, faculty, and staff morale plummeted. Successive department chairs struggled with the burden of cutting already sparse budgets and learning to say “No” to any and all requests for research and teaching support.

To make matters worse, a major source of financial aid to graduate students entered into a rapid and somewhat unexpected decline. The 1994 midterm elections brought a new Republican majority to power in the U.S. Congress. Shortly thereafter, federal funding for the East-West Center was slashed. The EWC responded by laying off many of its young research staff and

by drastically cutting EWC scholarships for UH-Manoā graduate students.

Economics was severely affected on both counts. The EWC staff reductions decimated the EWC's economics group (Research Fellows Michael Plummer, Pearl Imada, Richard Garbaccio, Butch Montes, Janis Kea, and Bob McCleery would all leave), and EWC scholarships for economics graduate students declined sharply, with only a few new EWC scholarships granted in the 1994-1997 period.

The Department's critical condition was exacerbated by its inability to hire new faculty. A national search for a tenure-track faculty member specializing in macroeconomics failed badly in 1996. Candidates expressed displeasure at the low starting salaries for assistant professors and the poor support provided to new tenure-track hires, e.g. inadequate travel funds, no research seed money, no personnel policies regarding spousal and partner hires, and poorly defined University policies on research leaves. A low point had been reached.

With only 12.5 "full time equivalent" faculty on board in 1998, the Department was struggling to meet its obligations to students, the community, and the profession. Economics majors were at a 20-year low, EWC scholarships for M.A. and doctoral students had been drastically cut, real faculty salaries were in decline, two tenured associate professors resigned to seek new opportunities, and Sumner La Croix left in June 1998 for a two-year stint as a visitor at Barnard

College, Columbia University. Faculty morale was at an all-time low and the future appeared to offer little hope of a substantial turn around.

VI. Fortune, Rejuvenation, and Revival: 1999-2007

The next eight years would provide an unforeseen turn for the better. It began in the summer of 1998 when Professor Andy Mason moved from the EWC (where he still has a 50 percent appointment) to UH-Manoā and was instantly “rewarded” for the switch by being named Department Chair. Mason took several critical steps to stabilize the Department. First, he doubled the number of introductory courses offered each semester to increase the number of entry points to our program. As introductory enrollment increased, a surge in the number of economics majors followed a couple of years later. Second, Andy and Graduate Chair Jerry Russo worked to diversify and solidify funding for first-year doctoral students. Finally and most importantly, Andy worked with the administration to find ways to offer competitive market salaries to newly hired assistant professors. The pay-off was evident in the Department’s hiring of four outstanding assistant professors: Sang-Hyop Lee (Ph.D., Michigan State U. by way of East-West Center) in 1999, Theresa Greaney (Ph.D., U. of Michigan by way of Syracuse University) and Katya Sherstyuk (Ph.D., California Institute of

Technology by way of Melbourne U.) in 2000, and Xiaojun Wang (Ph.D., Ohio State U.) in 2001.

Sumner La Croix followed Mason as Department Chair (2001-2004) and but for a few hiccups in real income growth following the 9-11 disaster and accompanying the Iraq War, he also had the good fortune of being Chair when the Department's budget was fortuitously increasing. La Croix emphasized programmatic changes in both the graduate and undergraduate programs to enhance their quality and attract better applicants. Graduate reforms included the rescheduling of graduate core courses and qualifying exams within the first year of study; engagement of doctoral students in research projects earlier in their graduate careers; and additional resources devoted to the Department's seminar series. Undergraduate reforms included a restructuring of graduation requirements; introduction of new 300-level courses designed to attract new majors in economics; a new mentoring program for majors; and the addition of more sections of introductory and intermediate micro and macroeconomics to each semester's course offerings.

The retirement dinner and academic conference held 21-22 May 2004 in honor of Professor Emeritus Seiji Naya was a notable milestone for the Department. Over 250 guests from Asia, the U.S. mainland, Europe, and Hawaii attended a gala dinner at the Hawaii Prince Hotel. The dinner raised sufficient

funds from attendees for the Department to endow two new awards for its doctoral students (“Best First-Year Student” and “Best Third-Year Research Paper”) and a speaker series on the Asia-Pacific economies. The dinner also provided a rare opportunity for alumni, students, faculty, and the Department’s friends to come together and celebrate the Department’s past, meet today’s students and faculty, and envision the future (or when the retirement dinner would end).

In Fall 2002 and Fall 2003, Dean Richard Dubanoski approved the Department’s requests to initiate searches for three new assistant professors, and the Department made three excellent hires: Ilan Noy (Ph.D., U. California, Santa Cruz) in 2003, and Arnaud Dellis (Ph.D., Cornell U.) and Timothy Halliday (Ph.D., Princeton U.) in 2004. With seven young assistant professors joining the faculty in just six years, the median age of a faculty member dropped to 38 in 2004. The median age would receive another big jolt when the College approved Department requests (initiated by its new Chair, Professor Jim Mak, who was embarking a second tour of duty in the position (the first tour spanned 1990-1992)) to hire three more tenure-track assistant professors. Nori Tarui (Ph.D., U. Minnesota by way of the Earth Institute at Columbia U.) and Sally Kwak (Ph.D., U. California, Berkeley)—a joint appointee with the UH-Manoā Department of Urban and Regional Planning—joined the Department starting in the Fall 2006

semester, and Hui He (U. of Minnesota) accepted an offer to join the Department's faculty starting in the Fall 2007 semester.

In July 2004, Professor Denise Konan resigned as Assistant Vice Chancellor for Academic Affairs and returned to the Department to begin a three-year term as Department Chair. Denise would serve just one year (2004-2005) in the job. After UH President David McLain fired UH-Manoā Chancellor Peter Englert after three discordant years, Denise would accept an offer from the UH Board of Regents to become Interim Chancellor of the Manoā campus. Her three-year stint as Assistant Vice Chancellor of Academic Affairs (2001-2004), her commitment in that job to improving the University's academic programs and standards, her analytical approach to policy problems, and her total integrity were highly valued by the Board. Her meteoric administrative rise ought not to obscure her solid career as a scholar in the field of international economics and her rapid promotion to full professor. Denise was the first full-time female economics faculty member to be promoted to full professor; the first female Chair of the Department; and the first female Chancellor of the University of Hawaii-Manoā.

VII. Conclusion

With energy from its nine new hires pulsating through the fifth floor of Saunders Hall (and, yes, the newly installed office and hallway lights do use less

energy and they turn on much faster than the old lights), the College of Social Sciences has asked the Department to develop a five-year plan, outlining how its academic programs and research might evolve over the next five years. (Yes comrades, output will double every five years until we are number one and then it will increase at a pace never before seen, not even at Harvard or Princeton ...)

For now, March 2007, there is considerable optimism regarding the future. The 6-year contract between the faculty union and the University is in its fourth year, and it provides for across-the-board raises of 9 percent in August 2007 and 11 percent in August 2008 to all tenure-track faculty. Faculty research productivity, the number of undergraduate majors, and faculty service contributions continue to rise. Since 2001, several faculty members have been the recipients of multi-year extramural grants that have provided support for graduate students and improved the quality and visibility of the Department's research outputs. These include Jerry Russo's project on health insurance and the uninsured population in Hawaii, Andy Mason's project to develop intergenerational accounts for Asian countries, Byron Gangnes and Carl Bonham's project (facilitated by the University of Hawaii Research Organization (UHERO) to assess the state of Hawaii's economy and to forecast its course, and Jim Roumasset's projects on invasive species and efficient use of water resources. With several junior and senior faculty members engaged in preparation of new grant applications, the

Department may be approaching its goal of providing full support to all first-year doctoral students entering our program.

Despite the ebbs and flows of budget and staff, there have been some constants. For over three decades, the Department has never wavered from its commitment to provide outstanding service to the Hawaii community. Jim Mak and Sumner La Croix have both won prestigious Clopton Awards, given to the Manoā faculty who best use their professional expertise in the service of the community, and Carl Bonham and Byron Gangnes were the 2007 recipients of the Hung Wo and Elizabeth Lau Ching Foundation Award for Faculty Service to the Community. Jim Mak and Carl Bonham have served on the State's Council on Revenues, a constitutionally mandated body charged with forecasting state revenues for budget planning purposes. Other faculty members have worked closely with state officials and legislators to analyze bills being heard by committees of the State Legislature. Jerry Russo is the current chair of the executive committee of the faculty senate of the College of Arts & Sciences. The list is long ... we stop here.

The Department's faculty and students have always been aware—since the beginning of the enterprise—that an academic community can only thrive when its participants respect one another and conduct themselves collegially. The foundations of an academic community often seem remarkably durable,

until that is, they shatter. The existence of a community in Hawaii that creates, values, and disseminates economic knowledge should never be taken for granted. It requires constant nourishing. With a little more nourishment and moderate good fortune, one can envision a future in which Manoā is known for its astronomers, oceanographers, and, yes, its economists.

Sumner La Croix
11 March 2007
Honolulu, Hawaii