

**Two New Faces
(and one familiar one)**

**New Orleans Survives Meeting
of BC Faculty, Grads, Alumni**

The 1991 Meetings of the Allied Social Science Associations, as you may know, were postponed to early January 1992. The Big Easy hosted the mammoth meetings this year, which were well attended by Boston College economics faculty and graduate students. Following up on our success in Washington (and registering at the hotel under an assumed name [ed. note: *Joe Peek*]), we held the Second Annual Alumni Reunion, at which a good time was had by all but the cleanup crew.

On the serious side, a diverse set of presentations was offered by department faculty at the Washington meetings. Asst. Prof. Leonardo Felli gave "Job Security and Mismatch: The Role of Schooling" (joint with G. Bertola); Prof. Frank Gollop and Dale Jorgenson presented "A Comparison of Sectoral Productivity Differences"; Prof. Peter Gottschalk and Robert Moffitt spoke on "Wage Inequality and the Vulnerability of Young Workers"; and Asst. Prof. Jane Marrinan gave "Nominal Profits, Risk and Uncertainty in Foreign Exchange Markets," joint with Fabio Canova.

Other presentations included Asst. Prof. Scott Mayfield, "Mutual Information and the Variance of Stock Returns: Tests of Underlying Structure in Real-Time Stock Market Data" (we understand the paper was shorter); Prof. Joe Peek and Eric Rosengren, "Bank Regulation, Credit Crunches and Real Estate Lending"; Asst. Prof. Steve Polasky spoke on "Collusion and Exhaustible Resources" and "Entry Deterrence in the Commons," joint with Charles Mason; and Asst. Prof. Toni Whited presided over a session on "Stock Market Valuation and Investment."

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Two new faculty members will be joining the department this fall: Professors *Fabio Schiantarelli* and *Chong-en Bai*. Fabio received his Ph.D. in economics from the London School of Economics in 1981, writing on "Investment and Consumption Models for Italy, 1960-1977." He served as a lecturer at the Universities of Southampton and Essex in England before joining the Boston University faculty in 1988 as an associate professor. He is a research associate of the Institute for Fiscal Studies in London. Fabio's interests lie in applied econometrics and macroeconomics; he has published on Tobin's Q, corporate tax effects, monopolistic competition and other aspects of firms' decision-making in a number of leading journals.

Chong-en comes to us from Harvard University, Class of 1992. Chong-en's fields are microeconomic theory, industrial organization, labor economics, game theory, and finance. His Harvard dissertation was "Wage Contracts and Specific Human Capital Investment under Uncertainty." He also received a Ph.D. in mathematics (with emphasis on statistics) from University of California-San Diego in 1988. He has published in the area of bootstrap estimation. Chong-en will be teaching math for economists and teaming up with Steve Polasky to teach Micro III in the graduate program.

The familiar face that will return to the Heights is that of *Ed Kane*, who was a respected member of our department's faculty in the days of Alice Bourneuf, when he was wooed away by the Reese Chair at Ohio State. The Carroll School of Management's Finance Department has made Ed an offer he couldn't refuse—especially taking into consideration his enduring love for the Boston area (rumor has it he really didn't think much of Woody Hayes, either). Ed will be joining the CSOM as the inaugural holder of the James F. Cleary Chair in Finance. Ed, a product of MIT, is a recognized expert on banking and the problems of financial intermediaries. We look forward to having him as a colleague, and our already strong ties with the Finance Department and its Ph.D. program will surely be strengthened with him on board.

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The department's alumni were also in evidence at the meetings. Karen Palmer (Ph.D. '90) presented "Market Incentives to Implement the Toxic Substances Control Act," coauthored with two colleagues at Resources for the Future, as well as "Cross-Subsidization versus Economies of Scope: Weighing the Benefits and Costs of Line-of-Business Restrictions," joint with Timothy Brennan. Michael French (Ph.D. '86) and Gray Zarkin presented "The Effects of Drug Use on Weeks Worked and Sick Days."

We'll hope to see you at the Third Annual Alumni Reunion in Anaheim! Black ears optional.

Five Ph.D.'s Join Alumni Ranks

At the University Commencement on May 18, doctoral degrees in Economics were conferred on five students, and an additional eleven received master's degrees. The doctoral recipients included:

Mark V. Kazarosian, who defended his thesis "Precautionary Savings—A Panel Study" on August 14, 1991. Mark will be a part-time instructor at Boston College next fall, teaching two courses, and at Tufts University and Suffolk University, teaching one course at each.

Michael J. Allen, who defended his thesis "Imperfect Capital Markets and Regional Development: A Game Theoretic Approach" on September 19, 1991. Michael is employed at the Department of the Treasury in Washington.

Rosemarie C. Emanuele, whose thesis was "The Demand for Volunteer Labor under Impure Altruism: An Inquiry into Demand Side Behavior by Nonprofit Organizations." Rosemarie returned to BC to defend on December 13, 1991. She holds a tenure-track appointment at John Carroll University.

Kumiko K. Powell, defending her thesis "Essays on the Borrowing Constraints in the Presence of Positive Equity Requirements," on April 13, 1992. Kumiko accepted a position with AT&T's Market Analysis and Economics group in Basking Ridge, NJ, and began working in mid-May.

Robert Hoffman, who defended his dissertation "An Examination of Unit and Branch Banking," on December 11, 1990. You may recall Bob was mentioned in last year's BC•EC; he finally got those graduation fees paid!

Claudia Antes, Michele Cristello, Christopher Decker, Juan Franco-Pueyo, Jose Hernandez, Kevin Kilduff, James Monks, Jr., Michael W. Quinn, Michael Salve, Dena Tung and Chao Shun Zhou received Master's degrees at the May commencement. Franco-Pueyo, Hernandez, Monks, Salve and Zhou are Ph.D. candidates and will continue in the program.

Cheney Scholarships Awarded

Last year's BC•EC proclaimed the good news that the Robert J. Cheney, S.J., Scholarship Fund had reached the endowment threshold. That was good news, but it is even better to report this year that the first scholarships have been awarded. In August, the Department announced that the inaugural recipients of Cheney Scholarships were Paul Cichello and Susan Simmons. Each student was awarded \$1000 to offset expenses of his or her senior year. Our original intention had been to make one award, but both students had such outstanding records that we couldn't choose between them and decided to make two awards. (You remember intertemporal budget constraints, don't you?)

Now that the academic year is over, we can add that both Susan and Paul graduated with honors in economics. Susan's thesis, written under the direction of Professor Bob Murphy, was "A Study Examining the Determinants of Trade Flows Among the United States, Japan, and Germany." Paul, working with Professor Steve Polasky, wrote "Why Are Economists Ignored in Public Policy Decisions: A Case Study of the Clean Air Act." Both students were elected to Phi Beta Kappa, and Paul graduated as a member of the College of Arts and Sciences Honors Program.

Selection of a scholarship recipient for the 1992-93 academic year is underway. The need for financial aid is greater than ever, and we are pleased to be able to help in a small way. If you would like to participate in this endeavor, contributions can be sent to the Department or directly to Cathie Concannon in the Development Office with a note that your gift is earmarked for the Cheney Fund.

BC Social Scene

Several faculty members' lives were enriched by the arrivals of new babies. **Frank McLaughlin** recently welcomed two new granddaughters, Megan McLaughlin Hauptman and Anna Margaret Carey into the family, bringing the number of McLaughlin grandchildren to eight in all. The highlight of the year for **Bob Murphy** and his wife Cheryl was the birth of Shannon Patricia Murphy on July 3, 1991. Only one day later, **Scott Mayfield** and his wife Peggy were thrilled at the birth of Andrew Beckmann Mayfield, who is destined to always have exciting birthday parties!

Who walked in one November day and calmly announced that he had been married over the weekend (and needed a Travel Expense Form)? None other than our resident Oklahoman, **Joe Peek**. Romantic that he is, he took advantage of the southern breezes in the Florida Keys and convinced Arzu Gunasar (yes, she is the sister of former graduate student Asli Gunasar) that it was a great place for a wedding. With the promise of a trip to New Zealand, how could Arzu refuse? Of course, Arzu's family and friends at home wanted to put their seal of approval on the marriage, so it was off to Turkey for another ceremony and more celebration. Then came the trip to New Zealand, where they spent three wonderful months. Joe claims he worked a little, and there was ample time to explore the environs, but not on his puny NCAA winnings. (How come he wins when he's in charge?).

The big news about **Toni Whited** this year is her impending marriage to co-author Tim Erickson, Bureau of Labor Statistics, formerly of Boston College. They will be married in Washington on July 18, 1992. Among those traveling to the wedding to be best man will be another former BC faculty member, Scott Freeman, now at the University of Texas-Austin. We wish Toni and Tim much happiness. Congratulations! (And to think that some people believe that economics is dull!)

On August 10, 1991, **Michael McDonald** (Ph.D. '89) and Donna Pflaumer were married in Alexandria, VA. Donna received her bachelor's and master's degrees from Boston College and was an instructor for the Department of Mathematics. (Guess where they met.) Mike

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Ph.D. Student Dissertation and Teaching Awards Conferred

Again this year the Graduate School of Arts & Sciences has made two dissertation fellowship awards, freeing the recipients from teaching duties for a semester to concentrate on completing their theses. The award recipients are Olin Liu ("An Alternative Nonlinear General Equilibrium Model of the Term Structure of Interest Rates"), working with Prof. Baum, and John Barkoulas ("Essays on Capital Mobility and Capital Structure"), one of Prof. Murphy's students.

Karim Farah, Gulçan Unal, and Tong Zheng have received Summer Dissertation Support Stipends, funded by your contributions to the **H. Michael Mann Fund** and the Graduate School. Winner of the Teaching Excellence Award this year was Atreya "Chucky" Chakraborty. It is a pleasure to wish them all well.



Faculty News Notes

Last year's experiment with this column, in which news appeared ordered in reverse alphabetical order of faculty member, brought forth a host of complaints from the microeconomics contingent. There were claims of non-transitivity; an absence of homotheticity; and a decided lack of convexity where it matters. Well, we do not want any readers to be vexed. We return to the traditional ordering. Bring on those tariffs vs. quotas!

Jim Anderson has had the following articles published: "Domino Dumping, I: Competitive Exporters," *American Economic Review*, March 1992; "Optimal Taxation and Debt in an Open Economy," with Leslie Young, *Journal of Public Economics*, February, 1992; "Trade Reform with Quotas, Partial Rent Retention and Tariffs," with Peter Neary, *Econometrica*, January 1992; "The Theory of Protection," chapter to be published in *Surveys in International Trade*, D. Greenaway and A. Winters, eds., Oxford: Basil Blackwell, 1992; "The Optimal Borrowing Tax," *Journal of International Economic Integration*, Spring 1991, which won the Daeyang Prize in Economics for 1991; "The Coefficient of Trade Utilization: the Cheese Case," in R. Baldwin ed. *Empirical*

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Studies of Commercial Policy, NBER, Chicago: University of Chicago Press, 1991; "The Coefficient of Trade Utilization: Back to the Baldwin Envelope," in *The Political Economy of International Trade*, R. Jones and A. Krueger eds., London: Basil Blackwell, 1989; "The Relative Inefficiency of Quotas," *Journal of Economic Education*, 65-81, Winter 1988; "Quotas as Options: Optimality and Quota License Pricing under Uncertainty," *Journal of International Economics*, 23: 21-40, August 1987.

Jim participated in several conferences recently: Economic Association, Cambridge, UK, September 1991, "Domino Dumping, I"; Econometric Society European Meeting, Cambridge, UK, September 1991, "A New Approach to Evaluating Trade Reform"; Econometric Society, Washington, December 1990, "A New Approach to Evaluating Trade Reform"; NBER conference on Commercial Policy, March 1990; Midwest International Economics Conference, St. Louis, October 1989, "Domino Dumping, I: Competitive Exporters"; NBER Conference on Strategic Trade Policy, October 1989 (discussant); Midwest International Economics Conference, Penn State, May 1989, "The Coefficient of Trade Utilization: Back to the Baldwin Envelope"; NBER Summer Institute 1988, "Optimal Taxation and Debt in an Open Economy," with L. Young.

Jim is threatening to take several days' vacation this summer.

Richard Arnott's most recent publications are: "Moral Hazard and Nonmarket Institutions: Dysfunctional Crowding Out or Peer Monitoring?" with Joseph Stiglitz, *American Economic Review*, 81:179-190, 1991; "Dynamic Housing Market Equilibrium with Taste Heterogeneity, Idiosyncratic Perfect Foresight, and Stock Conversions," with Alex Anas, *Journal of Housing Economics*, 1:2-32, 1991; "A Temporal and Spatial Equilibrium Analysis of Commuter Parking," with André de Palma and Robin Lindsey, *Journal of Public Economics*, 45:301-337, 1991; and "Does Providing Information to Drivers Reduce Traffic Congestion?" with André de Palma and Robin Lindsey, *Transportation Research*, 25A:309-318, 1991.

While on sabbatical, Richard spent time as a visiting professor at the Department of Economics, University of

Melbourne, Australia, March-May 1992; as a Visiting Research Associate at GREQE, EHESS, Marseille, France, June 1992; and as a Distinguished Visitor at SUNY Buffalo, June 1992. He attended seminars at A.N.U., GREQE, Harvard, Indiana, John Hopkins, Latrobe, Melbourne, Monash, New South Wales, San Diego, S.U.N.Y./Buffalo, and Sydney. Richard participated in a conference in Evanston in honor of Edwin S. Mills, presenting his paper "Technological Progress in a Model of the Housing-Land Cycle," written with Alex Anas. He completed an editorial project on Urban and Regional Economics: Marxist Perspectives, M. Edel, *Fundamentals of Time and Applied Economics*, London:Harwood, 1992. He has joined the editorial board of the *Journal of the American Real Estate and Urban Economics Association*.

Kit Baum has been kept busy this year with the responsibilities of the graduate program and the department's burgeoning computer resources. For the first time in his professional career, he was recently mistaken for a microeconomist! He presented joint work with Ph.D. candidate *Chucky Chakraborty*, "Anti-Takeover Amendments, Managerial Entrenchment, and Shareholders' Interests" in the Séminaire de *Microéconomie* at l'Université du Québec à Montréal last March. (The lecture was given in English, although some francophones claimed it hardly mattered). A companion paper with Chakraborty, "The Adoption of Takeover Defenses and Tobin's q ," was presented at the recent meetings of the Society for Economic Dynamics and Control in Montréal at a session on Computational Economics. Baum continues as the Secretary-Treasurer of the SEDC, and as such was heavily involved with the logistics of the Montréal meetings.

David Belsley's recent publications include "A Guide to Using the Collinearity Diagnostics," *Computer Science in Economics and Management*, 4:33-50, 1991; *Computational Economics and Econometrics*, jointly edited with Hans M. Amman and L. F. Pau, Kluwer, 1992. Dave's articles include: "Paring 3SLS Calculations Down to Manageable Proportions," delivered at the June 1991 meetings of the Society for Economic Dynamics and Control, Capri, published in *Computer Science in Economics and Management*, 1992; "An Econometric Analysis of Selected Dairy Programs of the '80s and Some Policy Implications," with C. W. Bausell and S. L. Smith, in proof, *American Journal of Agricultural Economics*, 1992.

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Dave organized and chaired two sessions at the June 1991 meetings of the Society for Economic Dynamics and Control, Capri, where he also delivered a paper. He was an invited lecturer at the 47th Annual Conference on Applied Statistics of the American Society for Quality Control, Atlantic City, December 1991. He organized and chaired two sessions at the June 1992 meetings of the Society for Economic Dynamics and Control in Montréal. It now looks good that the "Mathematica in Economics" project being organized by Hal Varian will see the light of day. Dave is contributing a paper and *Mathematica* package to this project. He encountered Aaron Moynihan (M.A. '91) as an econometrician in a project for which he was asked to consult. (BC economists are everywhere!)

Don Cox has two articles forthcoming: "Inter-vivos Transfers and Intergenerational Exchange," *Review of Economics and Statistics*, with Mark Rank, and "The Effects of Borrowing Constraints on Consumer Liabilities," in the *Journal of Money, Credit, and Banking*, with **Tullio Jappelli** (Ph.D. '88).

Frank Gollop's "A Generalized Index of Diversification: Trends in U.S. Manufacturing," with James Monahan, appeared in *Review of Economics and Statistics*, 73:318-30, May 1991; "Alternative Approaches to Classifying Economic Activity" was published in 1991 International Conference on the Classification of Economic Activity—Proceedings, Washington, DC: U.S. Department of Commerce, 1992. Frank presented the paper at the International Conference on the Classification of Economic Activity, sponsored by the Bureau of the Census at Williamsburg, VA, November 1991. Frank's paper "Productivity Growth in U.S. Agriculture: A Postwar Perspective," with Dale Jorgenson, is forthcoming in the *American Journal of Agricultural Economics*.

Frank has begun work on a two-year project supported by the NSF entitled "A Litmus Test of Greenhouse Gas Policy Initiatives: Electric Utilities." Environmental concerns being what they are, the need to reduce carbon dioxide emissions seems obvious. Because this is the first study of an individual industry, electric power, as opposed to all existing studies of greenhouse gas emissions done on a macro aggregate-economies basis, the "boiler-specific data" obtained should be of inestimable value.

Peter Gottschalk has been his usual busy self. He and Sheldon Danziger authored *Uneven Tides*, published this

year by Sage Press. Peter's article "The Intergenerational Transmission of Welfare Participation: Facts and Possible Causes" appeared in the Spring 1992 issue of *Journal of Policy Analysis and Management*. "Trend and Cycle in Family Income and Male Earnings Inequality: Recent U.S. Experience" (joint with Sheldon Danziger and Eugene Smolensky) appeared in *Public Finance and Steady Economic Growth*, edited by Gerold Krause.

Peter also contributed the article "Poverty" to the McGraw-Hill *Encyclopedia of Economics*, edited by D. Greenwald, published 1992, and reviewed *Jobs, Earnings, and Employment Growth Policies in the United States*, edited by J. Kasarda, in a recent issue of *Industrial and Labor*

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Seminar Series: A RIP-ping Success

This year's Research-in-Progress seminar series was under the able guidance of **Leonardo Felli**, who arranged an illustrious lineup (although there did seem to be some bias for those of an Italian persuasion). The fall semester brought Guiseppe Bertola (Princeton); alumni Tullio Jappelli, visiting Penn; Steve Umlauf of LBS; Phil Levine of Wellesley; Drew Fudenberg, Roland Benabou, Peter Diamond, Lisa Lynch, and Ricardo Caballero, all of MIT; Jim Dana of Harvard, and the always welcome George Jakubson of Cornell. The spring semester was especially hectic with job candidate seminars, but a number of interesting lectures were squeezed into March and April. These included talks by Hossein Samiei, Cambridge; Lars Ljungqvist, Wisconsin; Jose De Gregorio, IMF; Masahisa Fujita, Penn; Chris Flinn, NYU; Stefan Gerlach, Brandeis; Oliver Hart, MIT; Luc Vallé, Montréal; Luca Anderlini, Cambridge; and Kathy Spier from Harvard. We also were privileged to welcome Anne Kreuger, IMF and Duke, for this year's Alice Bourneuf Lecture.

As the graduate course schedule has been revised from Monday-Thursday to Tuesday-Friday, this year's RIP seminars will be held on Monday afternoons. They are open to the public; call the department for a schedule.

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Relations Review. His testimony "Achieving Self-Sufficiency for Welfare Recipients" was given to the Select Committee on Hunger, U.S. House of Representatives, March 1992. He received a grant from the U.S. Department of Health and Human Services through the Institute for Research on Poverty (1991-1992) for support of graduate student assistants, and won a Faculty Fellowship from Boston College (1992-93) to study the importance of including the value of home production in measuring time and money poverty.

In other activities (whew!) Gottschalk presented and discussed a paper at Summer Workshop of the Institute for Research on Poverty, University of Wisconsin, Madison, June 1991; presented a paper to Workshop on the Economics of Health Care at the National Bureau of Economic Research, Cambridge, Massachusetts, July 1991; presented paper at a Conference on "Poverty, Inequality and the Crisis of Social Policy" sponsored by the Joint Center for Political and Economic Studies, in Washington, last September. He also made presentations to the Harvard, MIT, and Cornell Labor Seminars, and served as a panel member at a Roundtable sponsored by the Center on Budget and Policy Priorities in Washington this January. He participated in a Working Group on Problems of the Low Income Population, Institute for Research on Poverty, University of Wisconsin-Madison, February 1992; presented a paper at the "Economics/Demography Symposia on Women and Families," Brown University, March 1992, and the Conference on "Poverty and Public Policy: What Do We Know? What Should We Do?," University of Wisconsin-Madison, May 1992. He also participated in Conference on "Social Welfare in Industrialized Societies" at the Rockefeller Foundation, New York, June 1992.

Peter also chaired this year's faculty recruitment committee (claiming that he didn't want to hang around those Bourbon Street bars anyway). In Peter's spare time (0500-0700 hours) he sculls on the Charles. Are you surprised?

Marvin Kraus has written "The Ramsey Problem for Congestible Facilities," with Richard Arnott, forthcoming in the *Journal of Public Economics*. He presented "Financing Capacity in the Bottleneck Model," a joint paper with Richard Arnott, at the Harvard Urban Workshop in October 1991. This summer Marvin will be traveling to Lyon, France, to present the paper at the 6th World Conference on Transport Research, June 29-July 3.

Scott Mayfield's "On Determining the Dimension of Real-Time Stock Price Data" will be published in the *Journal of Business and Economic Statistics*, July 1992. He'll be presenting "Mutual Information and the Variance of Stock Returns" at the Western Economic Association meetings being held in San Francisco in July. In February Scott spoke before the Boston Security Analyst Society's Quantitative Discussion Group on "Nonlinear Dynamics and Financial Market Data."

Frank McLaughlin presented "A Reflection on Papal Social Teaching on the Economy and John Paul II's Encyclical 'Centesimus Annus'" at a conference at Holy Cross College, February 20, 1992. At the annual faculty workshop held at Boston College on May 15, 1992, Frank presented Adam Smith's "Theory of Moral Sentiments."

Bob Murphy has written: "The Terms of Trade, Investment, and the Current Account," forthcoming in the *Journal of International Economic Integration*, 1992; "Managing the Dollar: Has The Plaza Agreement Mattered?," with Michael Klein and **Bruce Mizrach** (formerly BC), published in the *Journal of Money, Credit, and Banking*, 1991. "Macroeconomic Adjustment Under Alternative Lending Arrangements" appeared in the *Journal of Economic Dynamics and Control*, 1991.

Bob presented "The Terms of Trade, Investment and the Current Account" at the Montréal conference of the Society for Economic Dynamics and Control in a session on International Economics which he chaired.

Bob has served as a member for the Committee of Examiners, Graduate Record Examination Economics Test, and as a commentator for Channel 68 News (the soon to be defunct Monitor Channel). (If word gets out, people may be asking "What About Bob?")

Joe Peek's "The Measurement and Determinants of Single-Family House Prices," with James A. Wilcox, was published in *AREUEA Journal*, 353-82, Fall 1991. "Adjustable Rate Mortgages," in John Eatwell, Murray Milgate and Peter Newman, eds., *The New Palgrave Dictionary of Money and Finance*, Macmillan Press, is forthcoming, as is "Price Level Adjusted Mortgages," with James A. Wilcox, in the same volume. "Treasury Bill Rates in the 1970s and 1980s," with Patric Hendershott, is forthcoming in the *Journal of Money, Continued, p. 7*

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Credit, and Banking. Joe has written another housing paper, "The Baby Boom, Pent-Up Demand, and Future House Prices," with James A. Wilcox, and has been working on a project on the New England capital/credit crunch with Eric Rosengren at the Boston Fed, which has produced three papers: "The Capital Crunch: Neither a Borrower Nor a Lender Be," "The Role of Real Estate in the New England Credit Crunch," and "The Capital Crunch in New England," all three revised February 1992. The latter is forthcoming in the *New England Economic Review*.

Joe's presentations include "Pitfalls in Fisher Model Building: Interest Rates and Inflation in the Interwar Period," at the Eighth International meeting on Monetary Economics and Banking, Dinard, France, June 1991; "The Capital Crunch: Neither a Borrower or a Lender Be," Southern Finance Association meetings, Key West, FL, November 1991; and "The Role of Real Estate in the New England Credit Crunch," American Real Estate and Urban Economics Association meetings, New Orleans, January 1992. While in New Zealand Joe presented "The Capital Crunch: Neither a Borrower or a Lender Be" at the Departments of Economics at the University of Canterbury, Christchurch; at the University of Otago, Dunedin; and at Victoria University, Wellington. He presented "Treasury Bill Rates in the 1970s and 1980s" at the Departments of Economics at the University of Auckland, Auckland; at the University of Canterbury, Christchurch; at the University of Waikato, Hamilton; and at the Reserve Bank of New Zealand, Wellington. Joe also gave a talk on monetary policy and on saving behavior at the New Zealand Treasury.

Harold Petersen has joined the Board of Assessors in Brookline and reports that there are some fascinating issues for economists in valuation of property. Single-family homes are valued primarily through regression models and business properties by capitalization of income. The methodology in both cases is at best "developing" and thus there are great opportunities for value added by an economist. Harold also continues to work with attorneys both in valuation of lost earnings and valuation of business properties. If any alumni are doing forensic work and would like to talk about issues that come up, give him a call. At the Evening College Dinner this spring, Harold was awarded the Loyola Medal in recognition of his many years of service to the University.

Joe Quinn was named by Governor William Weld to be a member of the Governor's Council on Economic Growth and Technology. He also served as Chair of the National Academy of Social Insurance Dissertation Awards Committee. Joe presented his paper "Plans and Preferences of Older American Workers" at the AAAS annual meetings in Chicago, in February 1992, and at the Eastern Economic Association annual meetings in New York, March 1992. He was a discussant at the session on Work Patterns in an Aging Labor Force at the ASSA meetings in New Orleans, January 1992; and he was an invited speaker at the National Roundtable on "The Older Worker: Clarifying the Challenges to Management and the Nation," University of Texas, San Antonio, November 1991; at the session on intergovernmental relations, Association of Public Policy and Management annual meetings, Washington, DC, November 1991; and at the conference on Demography and Retirement: The 21st Century, Pension Research Council, Wharton School, University of Pennsylvania, Philadelphia, May 1991.

Steve Polasky's "Do Oil Producers Act as 'Oil'igopolists?," and "The Private and Social Value of Information: Exploration for Exhaustible Resources," will both appear in the July 1992 issue of *Journal of Economic and Environmental Management*. Coming in the September issue of that journal will be "On the Measurement of Biological Diversity," with Andrew Solow and James Broadus, Woods Hole Oceanographic Institute colleagues.

Steve presented "Entry Deterrence in the Commons" and "Technological Progress and Environmental Regulation" at the Western Economics Association meetings, June 1991. He is presenting "Searching for Uncertain Benefits and the Conservation of Biological Diversity" and "The Optimal Number of Firms in the Commons: A Dynamic Approach" at the Natural Resources Modelling conference, June 1992.

Toni Whited's "Investment and Financial Asset Accumulation," was published in the *Journal of Financial Intermediation* 1:307-334, 1991. "Debt, Liquidity Constraints, and Corporate Investment: Evidence for Panel Data," is forthcoming in the *Journal of Finance*.

The Graduate Program

Although there was reason to be concerned again this year about our ABD's fortunes on a very tough job market, our candidates fared well. **Michael Gallaher** will be going to Washington to the Bureau of Economic Analysis, where he will be working directly under chief economist Jack Triplett. **Sarah Lyn Glavin** has accepted an offer from the Human Resources Division at the GAO in Washington, and will be moving there in August to begin her new duties. **Mary Joyce** accepted a position and will be on the staff of the Office of Publications and Special Studies at the Bureau of Labor Statistics, beginning in September. **Alison Kelly** has accepted an appointment leading to a tenure-track position at Suffolk University in Boston. Alison began teaching there in February as a part-time instructor and was offered a tenure-track position. **Rachel Ward Plaksa** has accepted a one-year appointment at James Madison University, where she will be joining Sharon O'Hare (M.A. '88). **Joanne Doyle** will be continuing as a part-time instructor at Wellesley College and **Antong Victorio** will continue as a part-time lecturer at Babson College in Wellesley for next year.

Atreya (Chuck) Chakraborty presented "The Cost of Takeover Defenses and the Free-Rider Problem" at the Financial Management Association meetings in Chicago, September 1991. His joint work with **Kit Baum**, "Anti-Takeover Amendments, Managerial Entrenchment and Shareholders' Interests" is under review at *Journal of Finance*. **Antong Victorio** will be presenting the paper, "Motives for helping Parents: Bequests or Filial Altruism?," at the Western Economic Association International Conference in San Francisco, July 9-12, 1992.

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is a financial analyst with the U.S. Department of Treasury and Donna is a research analyst at the Center for Naval Analyses in Alexandria and has been attending Johns Hopkins University. We wish them well.

On May 16, 1992, **Chuck Anderson** (Ph.D. '90) and Margaret Mary Faletti were married in Hinsdale, Illinois. Chuck has maintained a low profile since moving to Chicago, but we imagine that his study in cointegration is serving him well.

Xiaoqiang Hu presented "Uncertainty and Risk Premium in the Foreign Exchange Market" at the recent meetings of the Society for Economic Dynamics and Control in Montréal. **Mark Kazarosian** presented "Precautionary Savings—A Panel Study" at the Eastern Economic Association meetings in New York, March 1992. This paper is under revision for resubmission to *Review of Economics and Statistics*. Mark and **Alan Clayton-Matthews** (Ph.D. '87) have coauthored "The CES and Its Use at SWRI, with Special Reference to Child Care and Propensities to Consume Out of Income," which has been cited in the *Journal of Human Resources* in the paper "The Taxation of the Poor," by Chernick and Reschovsky.



Alumni News Notes

Patrick O'Neill (Ph.D. '87) has come in from the cold to let us know that his mind and fingers are still nimble. Pat has written "Measuring Relative Concentration of Sales in U.S. Manufacturing," *Southern Economic Journal*, S8 1:263-267, July 1991; "Concentration Trends and Profitability in U.S. Manufacturing: A Comment," in *Applied Economics*, 23 4B:717-720, April 1991; and "Concentration Trends and Profitability in U.S. Manufacturing: A Further Comment and Some New (and Improved) Evidence," *Applied Economics*, forthcoming. Pat and Gale are enjoying their new home with Shannon, 3 1/2 and Daniel, 1 1/2.

Karen Palmer's "Using an Upper Bound on Stand-Alone Cost in Tests of Cross-Subsidy" was published in *Economics Letters*, 35:457-460, 1991. Karen, a 1990 Ph.D., has several articles forthcoming: "A Test for Cross Subsidies in Local Telephone Rates: Do Business Customers Subsidize Residential Customers?," *The Rand Journal of Economics*, 1992; "Social Costing of Electricity and the Benefits of Demand Side Management," *Regulatory Responses to Continuously Changing Industry Structures*, Charles Stalton, ed., Institute of Public Utilities, East Lansing, MI, Graduate School of Business Administration, MSU; and "Environmental Costing and Electric Utilities' Planning and Investment," with Alan Krupnick, *Resources*, 105:1-5, 1991.

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Shamim Shakur (Ph.D. '88) has received a one-year appointment at Brock University, St. Catherine's, Ontario, Canada.

Clifford Thies (Ph.D. '82), with **Kit Baum** as co-author, wrote "On the Construction of Monthly Term Structures of U.S. Interest Rates, 1919-1930," forthcoming in a 1992 issue of *Computer Science in Economics and Management*. Cliff and Steve Isberg collaborated on "The Pricing of Callable Preferred Stock," *Journal of Economics and Finance*; "The Performance of Small Firm Mutual Funds," *Small Business Economics*; "Rent Controls with Rationing By Search Costs," *Journal of Real Estate, Finance and Economics*; and "Business Cycles and Black Holes," *Critical Review*. Cliff served as president of the University of Baltimore University Faculty Senate. He was awarded a Bradley Fellowship by the Heritage Foundation for academic year 1992-93.

On October 4, 1991, Cliff and Carol welcomed the arrival of Anna Victoria Thies.

Joseph Pelzman (Ph.D. '76) spent a productive year at the Mac while visiting this year. Among his offerings are chapters in books: "Special U.S.-Caribbean Economic Relations," with Gregory K. Schoepfle, in *Trade Issues in the Caribbean*, Irma DeAlonso, ed., Gordon and Breach Publishers, 1992; "U.S. Interests in Granting Most Favored Nation Status to the Soviet Union: Economic Versus Political Considerations," in *The USSR and Eastern Europe in the Global Economy*, Marie Lavigne, ed., Cambridge University Press, 1992; and "The Redirection of United States Imports of Textiles and Clothing," *New Silk Roads: Asia and World Textile Markets*, Kym Anderson, ed., Cambridge University Press, 1991. Joe's "The New Soviet-East European Economic Relationship: Post CMEA" was published in *Economic Systems*, 15, 2:309-321, October 1991 and "The New U.S.-Soviet Relationship" appeared in *USCSAR Reports: The Soviet and East-Central European Economics in Transition*, 1, 3:3-5, Summer 1991.

Joe actually tore himself away from the comforts of Carney (and that other place) to present papers: "The Question of Western Aid to the CIS," at Clark University, April 1991; "Simulating the Commodity Structure of Soviet Foreign Trade," at the Russian Research Center, Harvard University, March 1992; "The Impact of Soviet Immigration on the Structure of Israel's International Trade, at the Israel Economic Association meetings, Tel

Aviv, Israel, December 1991; and "Transition of Central and Eastern Europe: Problems and Prospects," at the Boston College OAE Dinner, November 1991. We're sure that if a poll were taken today we'd find that Joe's pleasant personality and hearty chortle will be sorely missed at BC. Our most recent poll results, however, indicate that nobody will vote for the return of his pipe. (That's Massachusetts for you! Remember, we voted for McGovern.)

Mark Klock (Ph.D. '83) presented "Estimating Time Varying Default Premiums: The Case of Fannie Mae Bonds," at the Southern Finance Association meetings, November 1991, where he just happened to crash Joe Bob's honeymoon. (Joe Bob was thrilled to run into Mark, of course, but Arzu kept asking why he was with them.) At this spring's Eastern Finance Association meetings, Mark presented "Earnings Response Coefficients for Auditor Switching and NonSwitching Firms." Mark has taken on a new role as director of the Ph.D. program in finance at George Washington University.

Pamela Megna (M.A. '82) and Dennis Mueller published "Profit Rates and Intangible Capital" in *Review of Economics and Statistics*, November 1991. Pam, a Maryland Ph.D., is an economist at the Federal Trade Commission, and is married to Mark Klock.

Janet Thomas (Ph.D. '87) has had the following articles published: "Cost Differentials Among Household Goods Carriers: Network Effects, Operating Characteristics, and Shipment Composition," with Scott J. Callan, *Journal of Transport Economics and Policy*, Vol. 26, 1:29-34, January 1992; "An Analysis of Production Cost Inefficiency," with Scott J. Callan, in *The Review of Industrial Organization*, forthcoming, 1992; and "Cost Analysis of Specialized Motor Carriers: An Investigation of Specification and Aggregation Bias," with Scott J. Callan, in *The Logistics and Transportation Review*, also forthcoming, 1992. Janet presented "Production Cost Inefficiencies in Transportation Economics: A Measurement and Analysis," with Scott J. Callan, at the 1991 Annual Conference of the Western Economic Association International in Seattle, WA. Janet was the recipient of the "Faculty Member of the Year" award from the Student Government Association at Bentley College, 1991. Janet is giving Mike French a run for his money!

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Michael French (Ph.D. '86) has accepted an appointment as adjunct professor at the University of North Carolina at Chapel Hill, School of Public Health, while he continues to serve as Program Director, Health and Human Resource Economics at Research Triangle Institute. Mike's recent publications include: "The Effects of Time in Drug Abuse Treatment and Employment on Post-Treatment Drug Use and Criminal Activity," with G.A. Zarkin, R.L. Hubbard, and J.V. Rachal, in the *American Journal of Drug and Alcohol Abuse*, forthcoming; "Patterns of Drug Use, Criminal Activity, and Employment Status Among Patients in Federally-Funded Drug Abuse Treatment Programs," with J.A. Fairbank, in *Substance Abuse*, forthcoming; "Economic Models for Estimating the Workplace Consequences and Costs of Drug Abuse: Applications to Program Evaluation and Cost-Effectiveness Analysis," in *Drugs in the Workplace*, National Science Foundation Monograph, forthcoming; "A Model for Estimating Industry Compliance Costs of Food Labeling Regulations," with D.M. Neighbors, L.K. Carswell, R.A. Williams, and L.M. Bush, in *Agribusiness*, forthcoming; "Training and Employment Programs in Methadone Treatment: Client Needs and Desires," with M.L. Dennis, G.L. McDougal, G.T. Karantzios, and R.L. Hubbard, in *Journal of Substance Abuse Treatment*, forthcoming; and "New Perspectives on the Benefit-Cost and Cost-Effectiveness of Drug Abuse Treatment," with R.L. Hubbard, in *Economic Costs, Cost-Effectiveness, Financing, and Community-Based Drug Treatment*, National Institute on Drug Abuse Research Monograph Series 113:94-113, Rockville, MD: U.S. Department of Health and Human Services, National Institute on Drug Abuse, 1991.

Mike presented: "Economic Evaluation of Drug Abuse Treatment Programs" at the Economic Workshop at Brandeis University, April 1992; "Costs and Financing of Standard and Enhanced Methadone Treatment," with C.J. Bradley and J.V. Rachel, and "A Model for Estimating Industry Compliance Costs of Food Labeling Regulations," with D.M. Neighbors, L.K. Carswell, R.A. Williams, and L.M. Bush, and "Supported Work Experiment for Methadone Treatment Clients" at the American Public Health Association conference Atlanta, November 1991, (the latter two also at the Western Economic Association conference, Seattle, July 1991); and "The Effects of Illicit Drug and Alcohol Use on Labor Supply," with G.A. Zarkin, at the Western Economic Association conference, Seattle, July 1991.

Walter Gazda (M.A. '82) and Maura Moran announce the arrival of Emily Anne Gazda, born 11 September 1990. Walt is a senior economist at the Transportation Systems Center in Cambridge.

Gary Fissel (Ph.D. '88), a financial economist at FDIC, published "The Anatomy of the LDC Debt Crisis" in a 1991 issue of *FDIC Banking Review*.



Faculty Comings and Goings

Jane Marrinan will be spending another year in Italy, as the Jean Monnet Research Fellowship fellowship has been extended for a second year. **Don Cox** will return from a year at the World Bank, where he has been working under a Faculty Fellowship award. **Toni Whited** will be on leave next year; she received a one-year research appointment (the Mizrach chair) at the Wharton School. (Bruce, by the way, will be joining the New York Fed in September). We are sad to report that **Dave Sunding** will not be returning to Boston College. Dave prefers the balmy climes of California. (Wonder what's wrong with him?) He has joined the Law and Economics Consulting Group in Berkeley, working in their regulated industries/environmental studies division.

We were fortunate to have **Joe Pelzman** (Ph.D. '76) visiting for the whole of this academic year (although he did spend a couple of days each week at a less renowned university across the river). Joe contributed a great deal to the department; his undergraduate courses (Comparative Economic Systems in the fall, Economies in Transition in the spring) were oversubscribed by eager students wanting to learn more about the turmoil in Eastern Europe. He gave a great lecture on that subject at the Omicron Delta Epsilon annual banquet (and even learned to use and love a Macintosh!)

Two other visitors contributed to the academic life at Boston College this year. Last fall, **Fr. M. Sebastian, SJ** visited from the University of Bombay, and taught an undergraduate elective in Economic Development from a very unique perspective. This spring term, well-known urban economist **Kenneth Small** visited from UC-Irvine. Although Ken did not teach at Boston College, he played an active role in both faculty and thesis seminars.

James A. Dalton received the Ph.D. in Economics from Boston College in 1969. He did undergraduate work at LaSalle College, receiving the B.A. in Economics in 1963. While finishing the degree at the Heights, he served as an instructor at Northeastern University and as Assistant Professor at University of Maine-Portland. He then joined the Federal Trade Commission as an economist, keeping his hand in the classroom as a lecturer at Maryland.

Dalton's career then took an academic tack; he joined Southern Illinois University-Edwardsville in 1972, was promoted to Associate Professor in 1973, and moved to University of South Florida in 1974. The lure of Boston was apparently too strong to resist; he became a Senior Research Associate at Charles River Associates in 1977. In 1979, he moved to Putnam, Hayes and Bartlett, where he currently serves as a Director. He specializes in litigation consulting, applied microeconomics, industrial organization, and public policy analysis. Dalton has directed many projects involving economic analysis and damage assessment in a variety of industries. He has been particularly active in analyzing the effects of proposed mergers on competition, and in the development of expert testimony related to such mergers. He has also developed public policy studies for the Department of Commerce, the National Bureau of Standards, and the National Science Foundation.

While an academic, Dalton published a number of articles in leading journals, including *Industrial and Labor Relations Review*, *Journal of Industrial Economics*, *Atlantic Economic Journal*, *Eastern Economic Journal*,

Review of Economics and Statistics and *Quarterly Review of Economics and Business*.

Dalton is married, with two children, and lives in the shadow of the Heights, in West Newton.

Richard G. Sheehan, a 1978 recipient of the Ph.D. in Economics from Boston College, has served since 1987 as an Associate Professor of Finance and Business Economics at the University of Notre Dame. He received the B.S. in Mathematics and Economics from College of the Holy Cross in 1971. During his last two years at the Heights, he worked as a Senior Research Associate at BC's Social Welfare Research Institute (SWRI).

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Alumni Profiles

After receiving his doctorate, Sheehan taught at James Madison

University, and was promoted to Associate Professor of Economics. He left James Madison in 1984, and spent the next three years as an economist at the Federal Reserve Bank of St. Louis. While at James Madison, he published in *Review of Economics and Statistics*, two articles in the *Southern Economic Journal*-including a study of monetary and fiscal policies and causation-and a six-country study of money-income causation in the *Journal of Macroeconomics*.

Sheehan published a further analysis of money-income causation in the *American Economic Review* (June 1985), and an econometric critique of the efficient markets hypothesis in *Journal of Business and Economic Statistics*. He then began a lengthy collaboration with R. W. Hafer of the St. Louis Fed which resulted in articles in *Review of Economics and Statistics* (November 1988), *International Journal of Forecasting* (1989), *Southern Economic Journal* (1990) and *Economic Inquiry* (1990). These articles focus on the interest rate-money relationship, with particular emphasis on short-term responses to policy changes.

In another train of research, he has modelled OECD economies' aggregate supply and demand in *European Economic Review* (1988) and the response of financial markets to Treasury debt management actions in the *Journal of Money, Credit and Banking* (1989).

Sheehan, a native of Massachusetts, is married with three children.

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is a publication of the Boston College Department of Economics, Carney Hall, Boston College, Chestnut Hill, MA 02167-3806 USA. You may reach the department by telephone at 617-552-3670, or by telefax at 617-552-8828, or by electronic mail at ECONLIB@BCVMS.BITNET.

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Edited by Kit Baum and Mary Foley

produced with Aldus PageMaker 4.2 on the Apple Macintosh.