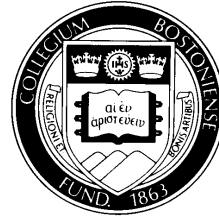


# THE BOSTON COLLEGE ECONOMICS DEPARTMENT NEWSLETTER

August 1998



## MAJOR INITIATIVE SUPPORTS ECONOMICS EXPANSION

Last September, Boston College announced a major initiative, "Advancing the Legacy," which will entail the investment of \$260 million over the next five years to strengthen all phases of its academic efforts and campus life. Elements of the initiative include the expansion of full-time faculty ranks with 50 new positions; additional resources to support research and faculty development; major capital projects to provide better facilities for humanities and science departments; and a general emphasis on the international dimensions of higher education.

An important component of this initiative is cited in the report of the University Academic Planning Council as an imperative to "improve the quality of graduate and professional programs...by investing in programs where there is special opportunity for quality and distinction, and by continuing strong support for programs that have achieved superior quality and recognition." The Department of Economics has been named as one of the thirteen specific academic units in which these improvements are to be focused, with the stated goal that "...we will be among the 25 best graduate programs in quality and recognition." The first tangible elements of this support were evident this year, when the department received authority to make several senior hires. Given that the market for senior economists of noted reputation is tight, it is expected to take several hiring seasons to staff these positions fully.

When all contemplated positions are filled, our abilities to advance to the top ranks of graduate economics programs (from our current mid-30s ranking) will be significantly enhanced.

In this hiring season, we were very successful in making three senior appointments: Arthur Lewbel in microeconometrics, Peter Ireland in macroeconomics, and Jushan Bai in time series econometrics. This success must be tempered with the realization that this market works both ways; we lost Bruce Hansen to Wisconsin, and Enrico Spolaore to Brown, and came up short when bidding for other high-profile candidates. Efforts will continue to strengthen our ranks in theoretical and applied microeconomics, and in macroeconomic theory.

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### CHANGING OF THE GUARD: NEENAN LEAVES AVP POST

Prof. William B. Neenan, S.J., the Academic Vice President and Dean of Faculties of Boston College, turned over that post to biologist David R. Burgess from the University of Pittsburgh on August 1. Bill Neenan has been Professor of Economics at Boston College since 1980, after being the inaugural holder of the Gasson Chair in the 1979-1980 academic year. This endowed chair was Boston College's first; during his tenure in the Gasson Chair, he taught econom-

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ics courses and served as a respected colleague. Since that time, he has played key administrative roles at BC, serving as Dean of the College of Arts and Sciences for 1980-1987 and as AVP since 1987. After a well-earned sabbatical leave,



(Photo: Gary Gilbert)

he will become Vice President and Special Assistant to the President, assisting Fr. William Leahy, S.J., with the implementation of the major initiatives planned for the next five years. Neenan's background is that of a public finance economist, having earned a Ph.D. in economics from the University of Michigan in 1966. He joined the U-M faculty (with a joint appointment in Social Work) in 1967, receiving tenure in 1972 and a promotion to Professor in 1977. He earned a bachelor's degree from St. Louis University in 1954 and a Master's in economics from that institution in 1956. He also received a S.T.L. in Theology from St. Louis in 1962. Neenan has been a researcher for the State of Michigan, The Urban Institute, and Wisconsin's Poverty Institute, and has authored several monographs (including *Urban Public Economics*) and more than two dozen articles on fiscal affairs and income distribution.

## DEAN BARTH TO STEP DOWN

Dean Robert Barth, S.J. of the College of Arts and Sciences recently announced his intention to return to the ranks of the English Department after the 1998-1999 academic year. Fr. Barth, who has served as Dean since Fr. Neenan was promoted to AVP in 1987, is a noted scholar of Coleridge and Hopkins. A search committee for his replacement will soon be appointed.

## LEWBEL ENHANCES ECONOMETRIC THEORY

Arthur Lewbel comes to us from Brandeis University, where he was Professor of Economics and a Dana Faculty Fellow. Prof. Lewbel's research is mainly in the areas of econometric theory, consumer demand analysis, and economic aggregation issues. He is the author of over forty articles in refereed journals. His recent publications include "Aggregation Without Separability: A Generalized Composite Commodity Theorem," *American Economic Review*, 1996; "Consistent Nonparametric Hypothesis Testing with an Application to Slutsky Symmetry," *Journal of Econometrics*, 1995; "Aggregation and Simple Dynamics," *American Economic Review*, 1994; and "Testing the Rank of an Estimated Matrix, With Applications to Factor, State Space, and ARMA Models," *Journal of the American Statistical Association*, 1992. Lewbel serves on the editorial boards of the *Journal of Econometrics*, the *Journal of Business and Economic Statistics*, the *Journal of Applied Econometrics*, and *Economics Letters*. He has been repeatedly invited by the Royal Swedish Academy of Sciences to nominate candidates for the Nobel Prize in Economics. Prof. Lewbel has been the principal investigator on four National Science Foundation grants, and has provided econometric consulting services for researchers at Brandeis, including grants from the National Institute of Health, the National Institute on Aging, and the World Bank. His 12 econometrics articles in the 1989-1995 period earned him the #17 spot on the worldwide "Econometricians' Hall of Fame" roster (Baltagi, *Econometric Theory*, 1998, 1-43) and singlehandedly put Brandeis on the map. Lewbel received undergraduate and doctoral degrees from M.I.T., and joined the Brandeis faculty in 1984 after working at Data Resources, Inc. and Data General. He has been a visiting professor at Boston University and M.I.T.'s Sloan School. As a sideline, he studies the theory and practice of juggling. In addition to writing

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a regular column for *Jugglers World* magazine, he coauthored "The Science of Juggling," in *Scientific American*, November, 1995. He was also director of the International Juggler's Association national juggling competitions in 1996, and can juggle up to eight balls. (Is this what is called a one-sided confidence interval?)

## PETER IRELAND COMPLEMENTS MACRO GROUP

Peter Ireland specializes in monetary economics and macroeconomics. He brings six years of experience as a researcher in the Federal Reserve Bank of Richmond to his academic career, which began in 1996 when he joined the economics department at Rutgers. He earned the Ph.D. under Bob Townsend's direction at Chicago in 1991; his undergraduate and master's degrees were also conferred by Chicago in 1988 and 1989, respectively. Ireland has an impressive list of publications in several top-ranked journals, including "The Role of Countercyclical Monetary Policy," *JPE*, 1996; "The Welfare Cost of Inflation in General Equilibrium," with Michael Dotsey, *JME*, 1996; "Economic Growth, Financial Evolution, and the Long-Run Behavior of Velocity," *JME*, 1994; and "Money and Growth: An Alternative Approach," *AER*, 1994. He has also published in *Canadian Journal of Economics*, *Journal of Macroeconomics*, *JMCB*, *JEDC*, and *Journal of Financial Intermediation*, with numerous contributions to the Richmond Fed's *Economic Quarterly*. He serves on the editorial board of *Economic Inquiry*, and reviews for many of the major journals in macro and monetary economics.

Peter Ireland will bring a solid analytical orientation to our macro group, strengthening it considerably. Those who have read his work and heard him speak are impressed by his ability to bring state-of-the-art analytics to bear on challenging issues in macro- and monetary economics. We welcome him to the Heights!

## JUSHAN BAI SWELLS TIME SERIES RANKS

Jushan Bai brings a focus on the development of time series econometric methodology to the department. He has spent the last six years at MIT, earning a promotion to Associate Professor in 1997. His doctoral degree was earned at University of California-Berkeley in 1992. Bai holds a bachelor's degree in mathematics from Nankai University in China and a M.A. in Economics from Penn State.

Jushan is best known for his work on the detection of structural breaks in time series, with papers coauthored with Jim Stock and Pierre Perron appearing in *Review of Economic Studies* and *Econometrica*, respectively. He has also published several papers in *Econometric Theory* as well as *Econometrica*, *Review of Economics and Statistics* and *Journal of Time Series Analysis*. His work in this field has focused on the problem of multiple breaks in series and the effects they may have on estimation of multiple regressions and cointegrating relationships. Bai's current areas of interest include asymmetries in economic time series, dynamic index threshold modeling, and spectral methods for evaluating time series models.

Jushan Bai serves as an Associate Editor for *Econometric Theory* and a reviewer for many theoretical and applied journals. His research has been supported by the National Science Foundation since 1994.

Jushan's teaching and research interests will complement Serena Ng's in providing us with an excellent set of offerings in the rapidly evolving field of time series econometrics. With Jushan's interests in empirical macroeconomics and finance, our Ph.D. students should find him to be an invaluable resource.



## **HANSEN, SPOLAORE BID ADIEU**

We were sorry to learn this spring that Prof. Bruce Hansen, one of the most prolific and well-respected members of the department since he arrived from Rochester in 1994, was planning to leave. He'd rather root for the Badgers than soar with the Eagles, it seems, as he and Korinna (with their recently-enlarged family) are heading to Madison this month. Bruce has achieved a signal recognition in Baltagi's "Econometricians Hall of Fame": a #5 ranking **worldwide** in all econometrics publications over the 1989-1995 period (*Econometric Theory*, 1998, 1-43). He has been a great colleague, always ready to help the econometrically challenged with expert assistance and advice. Needless to say, we will miss Bruce, and we wish him well.

Later this spring, Asst. Prof. Enrico Spolaore received an offer he couldn't refuse from our 'friends' down in Providence: a very attractive joint appointment in economics and political science in a new institute at Brown University. Enrico, a protégé of Harvard's Alberto Alesina, has worked extensively in political economy, so this was a great opportunity for him (if not for us!). Enrico visited BC in fall 1993 and 1995-1996 before rejoining us last fall. We will miss his contributions to graduate macroeconomics and dissertation advisement, and his presence as a valued colleague. Our best wishes.

We also are grateful for the collegueship of visiting Prof. Peter Pedroni this last year. Peter, an up-and-coming macroeconomist responsible for some important developments in panel cointegration tests, returned to Indiana University this summer after a year on the Heights. He taught undergraduate macro and graduate international finance courses, and started several collaborative projects with BC faculty. We wish him success in his work.

## *Pearl Alberts Retires*

For decades, any economics faculty member, graduate student or undergrad in need of assistance at the library has known to "just look for Pearl!" Pearl L. Alberts, the senior reference librarian/bibliographer for economics and management at O'Neill Library, has been of invaluable assistance to all of us. All good things must come to an end, and Pearl is retiring this year—after a 46-year professional career! She joined the School of Management Library (located in the basement of Fulton Hall) part-time in 1968, full-time as the reference librarian in 1974, and was promoted to senior reference librarian in 1979. When the O'Neill Library opened in 1984, she and her protégé Barbara Mento (now head of government documents at O'Neill) moved to the new building, and have collaborated since on the development of an excellent collection of books, journals, reference materials, and datasets for economics and management. The Library has budgetary responsibility for academic datasets, and serves as the institutional representative to ICPSR; Pearl has played a key role in ensuring that researchers in economics, finance and accounting have the datasets needed for their work. She has been instrumental in assisting many dissertation students over the years in acquiring the unique data for their projects, be it Coast Guard data on oil spills, a Lexis/Nexis search, or real-time S&P options data.

Pearl Alberts received a Master of Science in Library Science from Boston's Simmons College in 1952, after earning her bachelor's at UNH. She hadworked in the Boston Public Library and at M.I.T. before joining the BC library staff. In recent years, she has been instrumental in acquiring several major gifts, including the Bloomberg Financial Services terminal at O'Neill. She has also organized and presented many classes in use of on-line

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Pearl Alberts, a regular participant at our graduate student welcome receptions, speaks with placement director Prof. Frank Gollop.

sources and the Internet for faculty in economics and management. Alberts authored the Investments chapter of the on-line guide to "Business Sources on the Net," for which she was the joint recipient of the prestigious Mecklar Award for Innovations in Technology in 1995.

Pearl's efforts in support of business and economics have won two recent awards: the Distinguished Member Award from the Business and Finance Division of the Special Libraries Association in June, and the Special Recognition Award from the Boston Chapter of that society in May. The prior award cited her role in founding the Boston Area Academic Business Librarians Group, her receipt of the Carroll School of Management's Distinguished Service Award, and her contributions to "Business Sources on the Net."

Pearl Alberts has exemplified the very best in the academic community to so many of us in the years and decades of her service to Boston College, and to our department in particular. If Boston College is truly going to "Advance the Legacy" and make great strides as a research university over the next few years, the library has a tough job ahead—finding one (or two, or three!) staff members who can fill Pearl's shoes.

*Our thanks to Liz Bibby of O'Neill Library for background on this story.*

## COMMENCEMENT 1998

Graduation ceremonies were held on Monday, May 18, 1998. Among those who couldn't be happier were Mustafa Caglayan, Kelly Chaston, and Steven Pizer, this year's Ph.D. graduates. Thesis titles and advisors included Mus' "Essays in Macroeconomics," Prof. Fabio Schiantarelli; Kelly's "Productivity Measurements in the Presence of Externalities: An Example from the Electric Power Industry," Prof. Frank Gollop; and Steve's "Essays on the Causes of Increased Earnings Inequality," Prof. Peter Gottschalk.

Many students who will be continuing in the Ph.D. program chose to receive a Master's diploma at the May ceremonies: Ali Boyvada, Andrew Chen, Vasso Ioannidou, Minh Huynh, Maria Laura Parisi, Cesare Robotti, Andreas Waldkirch, An Yan, and Maurizio Zanardi. Receiving the Master's and moving on were: Seyed Masoud Ameri, Melike Bulu, Imirze Koçaker, Samanta Padalino, and Yasemin Yuçel.

## Cheney Scholarships Awarded

Last fall, the Department awarded Cheney Scholarships to A&S students Danielle Beliveau and Michael McKenna to help offset senior year expenses. Danielle, who graduated *magna cum laude*, was involved in both academic and service activities. She was a member of Omicron Delta Epsilon, the economics honor society, and helped to organize retreats for the Faith, Peace, and Justice program. In addition, she continued her service work outside the university by working at Rosie's Place, a woman's shelter, and on projects for Habitat for Humanity. Michael graduated *magna cum laude* as a member of the A&S Honors Program. Also a member of Omicron Delta Epsilon, Michael was a sports writer for *The Heights* and served as sports editor his junior year.

## *Senior Honor Theses Excel*

Just as spring blossoms burst forth, so did the fruits of the seniors who wrote theses for the Economics Honors Program. For those students and their advisors, the culmination of months of effort proved worthwhile. The impressive coalition this year included: *George Aragon*, "The Effects of Celebrity Endorsements on Shareholder Wealth," Harold Petersen; *Brett Artmann*, "An Analysis of the Impact of European Monetary Union on Eurodollar Futures Prices and Spread," Kit Baum; *Erika Dreyer*, "The East Asian Currency Crisis," Joe Peek; *James Gruber*, "The Effect of Athletic Success on Applications and Student Quality," Bob Murphy; *Ryan Hess*, "Assessing Bank Risk," Joe Peek; *Peter Morrow*, "Trade, Productivity and Growth in Transition Economies," Doug Marcoullier; *Eric Rucinski*, "Reforming Social Security," Joe Quinn; *Brian Soucek*, "The Metaphorical Frame: A Philosophic and Economic Theory of Art," Dick Tresch; and *Victor Weber*, "The Gods Must Be Crazy: A Functional Analysis of the Great Depression," Harold Petersen. The prestigious Alice E. Bourneuf Award, given annually to the highest ranking economics major, was won by Brian Soucek. The award for the best senior honors thesis, the Giffuni Family Fund Prize, was granted to George Aragon.

### *OΔE News*

Last fall, the Boston College chapter of Omicron Delta Epsilon (*OΔE*), led by Kathleen Kelly (A&S) and Meghan Keough (CSOM), initiated a new career development program. Its purpose is to provide information about job opportunities to economics majors and to establish a network of economics alumni. During fall semester, *OΔE* sponsored two panel discussions with BC alumni. The first, hosted in conjunction with the Finance and Accounting

Academies of CSOM, focused on financial career opportunities. The second panel consisted of alumni working in academic, legal, public service, and economics consulting fields. Seniors were asked to keep the chapter informed of their post-undergraduate plans so that the alumni network could be extended. *OΔE* members were also instrumental in urging the creation of a job posting page on the Department's website (<http://fmwww.bc.edu/EC-J/>). Any announcements that are received by the department of job openings, internship opportunities, and the like are immediately posted to this site in addition to being publicized by instructors.

Although the records are far from complete, it has been learned that *OΔE* members are looking forward to graduate school and a variety of careers. Brian Soucek, a joint economics and philosophy major, will pursue a graduate degree in philosophy at Columbia, and Kathleen Kelly will be doing graduate work in economics. Chris Cho is headed to dental school, Steve Giordano and Darren Maupin are off to law school, and Matthew Reid is remaining at BC to attend the Graduate School of Education. Two graduates have accepted positions at economics consulting firms: Meghan Owens at Charles River Associates, and Christine Houle at Abt Associates. Meghan Keough and Jihea Chung have joined Andersen Consulting; Erika Dreyer has accepted a position with Price, Waterhouse; Eric Rucinski will be at Citibank; Rob Seelos has joined Morgan Stanley; and Ann Baldelli has begun work at J.P. Morgan; and Jong Ho Park has joined Legacy Technology.

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### *GRADUATE STUDENTS REAP AWARDS*

*Niloufer Sohrabji*, teaching fellow, and *Kevin Cahill*, teaching assistant, achieved recognition as the 1998 Donald J. White Teaching Excellence Awards winners from the Department of

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Economics. Father William P. Leahy, S.J., President of Boston College was the presenter of the awards at a ceremony held in Gasson Hall on April 27.

*Silvia Ardagna* and *Antonio Menezes* rose to the top, against stiff competition, to win the Graduate A&S Dissertation Fellowship Awards for 1998-1999. Freed from teaching responsibilities for the year, Silvia and Antonio will have time to focus on making giant strides toward the completion of their theses.

The H. Michael Mann Fellowship has been awarded to *Ece Yolas* and *Metin Celebi* for summer 1998. *Emanuela Galasso* is this year's recipient of the Graduate A&S Summer Dissertation award. Considering the quality of the competition for these awards, it is indeed an honor for the students who have been selected.

### *Stimulating Seminars*

The Faculty Seminar Series stimulated attendees once again with an array of interesting guests. During the fall semester Herschel Grossman, In-Koo Cho, and David Weil journeyed from Brown; Sam Kortum and Hideo Konishi (SMU) took the B line from Boston University; Mark Bills (Rochester) crossed the river from MIT; Arthur Lewbel drove from Brandeis; Leonardo Felli, visiting at Penn, spoke, as did Cecilia Rouse, Princeton; Bob Staiger, Wisconsin; Glenn Hubbard, Columbia; Andrew Samwick, Dartmouth; Sydney Ludvigson, Federal Reserve Bank of New York; and Alberto Alesina, Harvard. Alumnus Tullio Jappelli (Ph.D. '84) stopped by to give a seminar in November. He and his wife Marilena Furno (Ph.D. '84) spent the fall in Princeton.

Thriving in the spring were: Dan Freedman, UC-Santa Cruz; Jim Andreoni, Wisconsin; Oliver Linton, Yale; Jeff Campbell, Rochester; Julia Thomas, Virginia; Claudio Michelacci, LSE; Neil Shepherd, Oxford; Tom Kane, Kennedy School; John Campbell, Harvard; Jushan Bai, MIT; Dieter Urban, visiting at Penn State from the Copenhagen Business School; Guido Kuersteiner and Susan Athey, MIT; Craig Burnside, The World Bank; and Gary Jefferson, Brandeis.

### *PLACEMENT HIGHLIGHTS*

Our job-market candidates braved a sea of competition once again, searching for the perfect opportunity. (Unfortunately, all the jobs at BC were spoken for.) An affinity to the Boston area influenced two candidates to confine their searches to the immediate area. • *David Mishol* (ABD) accepted a position with Analysis Group Economics, Cambridge, MA, where he began work in February. Dave believed that this position offered great opportunity for him to work with health care issues as well as to delve into other areas, such as banking, securities, litigation, etc. • *Steven Pizer*, Ph.D. '98, has accepted a position as Senior Analyst in the Health Services Research and Evaluation (HSRE) area with Abt Associates, Inc., also in Cambridge, MA. Steve joined Abt in March and has let us know that he is enjoying his duties, which at the present time involve working on several contracts related to the implementation and evaluation of prospective changes in Medicare payments for patients in skilled nursing facilities. • *Strutting down Wall Street* will be *Srikant Seshadri* (ABD), where he began his career at Goldman, Sachs & Company in July. Khan will be an associate in the Fixed Income Research Department, dealing with sovereign credits. Khan turned down a one-year appointment at Wellesley College, significant because, if he had accepted, he would have been the first male from Boston College in recent memory to receive such an offer, breaking the strong feminist trend of past years. • *Greg Swinand* (ABD) will be another transplant to Cambridge when he joins London Economics, a London-based international consulting firm, in August. • *Mary Bozza Wise*, ABD, has accepted a position in Maryland with the research institute affiliated with Towson State College. • Two alumni who were conducting searches this year were also fortunate. • *Charles (Xiaoqiang) Hu* (Ph.D. '94), who has been spending his summer as an intern for the San Francisco Federal Reserve, has received an attrac-

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tive job offer from the Asian Development Bank in the Philippines. • *Jim Monks* (Ph.D. '94) is leaving Mt. Holyoke College, after completing three one-year appointments. He will be joining the Consortium in Financing Higher Education, situated, you guessed it, in Cambridge, MA.

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## **BC** **EC** Alumni Profile

*Michael French* (Ph.D. '86) is a research associate professor at the University of Miami School of Medicine & Health Services Research Center, and he is director of academic programs in Health Administration at the University of Miami School of Business. Mike has held both positions since 1995. He has brought us *au courant* with his publications, which are: "Alcohol Use and Wages: New Results from the National Household Survey on Drug Abuse," with G.A. Zarkin, T.A. Mroz, and J.W. Bray, *Journal of Health Economics*, 17(1):53-68, 1998; "Cost Effectiveness of Detecting Breast Cancer in Lower Socio-Economic Status African-American and Hispanic Women Through Mobile Mammography Services," with M. Schweitzer, S.A. Ullmann, and C.B. McCoy, *Medical Care Research and Review*, 55(1):99-115, 1998; "Estimating the Economic Cost of Substance Abuse Treatment," with K.A. McGeary *Health Economics*, 6:539-544, 1997; "A Structured Instrument for Estimating the Economic Cost of Drug Abuse Treatment: The Drug Abuse Treatment Cost Analysis Program (DATCAP)," with L.J. Dunlap, G.A. Zarkin, K.A. McGeary, and A.T. McLellan, *Journal of Substance Abuse Treatment*, 14(5):445-455, 1997; "Factors that Influence the Use and Perceptions of Employee Assistance Programs at Six Worksites," with L.J. Dunlap, P.M. Ro-

man, and P.D. Steele, *Journal of Occupational Health Psychology*, 2(4):312-324, 1997; "Drug Abuse, Crime Costs, and the Economic Benefits of Treatment," with A.S. Rajkumar, *Journal of Quantitative Criminology*, 13(3):291-323, 1997; "Costs of Employee Assistance Programs: Findings from a National Survey," with G.A. Zarkin, J.W. Bray, and T.D. Hartwell, *American Journal of Health Promotion*, 11(3):219-222, 1997.

Mike's presentations included "Personal Attributes, Workplace Performance, and Wages," with A.G. Holtmann, K.A. McGeary, and G.A. Zarkin, at the Western Economic Association Annual Conference, Lake Tahoe, Nevada, July, 1998; "The Economics of Drug Abuse Prevention and Treatment: State of the Science," at the Agency for Health Services Research Annual Conference, Washington, DC, June, 1998; "Modified Therapeutic Community for Mentally Ill Chemical Abusers: Outcomes and Costs," with S. Sacks, G. DeLeon, G. Staines, and K. McKendrick, at the International Conference on the Reduction of Drug Related Harm, and "Drug Abuse, Crime Costs, and the Economic Benefits of Treatment," with A.S. Rajkumar, both at Saõ Paulo, Brazil, March 1998; "Personal Attributes, Workplace Performance, and Wages," A.G. Holtmann, K.A. McGeary, and G.A. Zarkin, at the University of Kentucky, Department of Economics, Lexington, Kentucky, February, 1998; "Chronic Drug Use and Crime," with K.A. McGeary, D.D. Chitwood, C.B. McCoy, J.A. Inciardi, and D. McBride, at the Pacific Rim Allied Economic Organizations 3rd Biennial Conference, Bangkok, Thailand, January, 1998. Mike is a member of Health Services Research Initial Review Group (IRG), U.S. Department of Health and Human Services, Public Health Service, National Institute on Drug Abuse, 1995-present.

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*Jim Anderson* lectured at Stockholm School of Economics in March, where he also presented "The Mercantilist Index of Trade Policy." He lectured at the Chinese University of Hong Kong May 11-31, and also presented "Revenue Neutral Trade Reform" and "Trade and Security, I: Anarchy." Jim gave the annual Jao Lecture to the Hong Kong Economics Association, "Why Do Nations Trade (So Little)?" He also presented "The Mercantilist Index of Trade Policy" to the Hong Kong University of Science and Technology. In April he presented "Trade and Security, I: Anarchy" at Florida International University.

*Richard Arnott* gave seminars at the University of Alberta, the University of Cergy-Pontoise, the University of New Hampshire, the University of Oldenberg, the University of British Columbia, and the University of Calgary. Richard has assumed duties as book review editor of *Regional Science and Urban Economics*, and he continues to edit *Advances in Urban and Regional Economics* for Kluwer. He was invited to join the editorial board of two new journals, *Journal of Public Economic Theory* and *Assurances*. His recent works include "A Filtering Model with Steady-State Housing," with Ralph Braid, *Regional Science and Urban Economics*, 27, 514-546, 1997; "Information and Stochastic Capacity and Demand in the Bottleneck Model," with André de Palma and Robin Lindsey, forthcoming in the *European Economic Review*, and "Urban Spatial Structure," with Alex Anas and Kenneth Small, forthcoming in the *Journal of Economic Literature*.

Richard has also been working on the unpublished papers of William S. Vickrey, one of the 1996 Nobel Prize winners in economics who died three days after receiving the prize. Arnott authored "William Vickrey: Contributions to Public Policy," *International Tax and Public Finance*, 5, 93-113, 1998. Richard was Visiting

Professor at the University of Cergy-Pontoise from mid-October to mid-November, and Visitor at the Laboratoire d'Economie Industrielle from mid-November to mid-December. He is spending the month of July as Visiting Professor at UBC: the University of British Columbia.

*Chong-en Bai* published two articles in 1998 issues of the *Journal of Comparative Economics*: "Bureaucratic Control and the Soft Budget Constraint," with Yijiang Wang, and "The Soft Budget Constraint and Transition Economies: Introduction."

*Kit Baum's* publications this year include "Fractional Monetary Dynamics," with John Barkoulas (Ph.D. '94) and Mustafa Caglayan (Ph.D. '97), forthcoming in *Applied Economics*; "Reexamining the Term Structure of Interest Rates and the Interwar Demand for Money," with Clifford F. Thies (Ph.D. '82), forthcoming, *Journal of Economics and Finance*; "Long Memory in the Greek Stock Market," with John T. Barkoulas and Nickolaos Travlos, forthcoming in *Applied Financial Economics*; "Q, Cash Flow and Investment: An Econometric Critique," with Clifford F. Thies, forthcoming, *Review of Quantitative Finance and Accounting*; "Fractional Dynamics in Japanese Financial Time Series," with John Barkoulas, forthcoming, *Pacific-Basin Finance Journal*; "Poison Pills, Optimal Contracting and the Market for Corporate Control: Evidence from Fortune 500 Firms," with Chuck Chakraborty (Ph.D. '94), forthcoming, *International Journal of Finance*; and "A Model of Tied and Untied Foreign Aid: A Theoretical and Empirical Analysis," with B. Mak Arvin, published in *Keio Economic Studies*, 1997, 34:2, 71-79. Kit traveled to the Fourth International Conference on Computing in Economics and Finance at the University of Cambridge this summer. As a member of the program committee, Baum organized and chaired a well-attended session on "Time Series Analysis" and presented "Non-linear Adjustment to Purchasing Power Parity

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in the Post Bretton Woods Era," joint work with alumni John Barkoulas and Mustafa Caglayan, currently under review. He coauthored a second paper presented at the conference with Basma Bekdache (Ph.D. '95), "Temporal Aggregation and the Behavior of Bond Term Premia: An Empirical Investigation." This conference, cosponsored by IFAC/IFORS and the Society for Computational Economics, will be coming to Boston College next June 24-26, with Baum and David Belsley serving as co-hosts. Full details (and their elegant logo!) will be posted at <http://fmwww.bc.edu/CEF99/>. Baum has also been involved with the "RePEc Project," an international effort to enhance the dissemination of Research Papers in Economics. RePEc works with a worldwide network of working paper archives—rather than a central depository—and RePEc 'services' such as IDEAS (<http://ideas.uqam.ca>) automatically update the contents of the databases they search to provide users free access to tens of thousands of papers (with a sizable fraction now downloadable). BC Economics is one of the founding archives of RePEc, with over 120 faculty working papers downloadable in full-text (PDF) format. Baum's personal contribution to the RePEc project was to recognize that software 'components' could be just as readily stored, located and exchanged in this format. The BC/EC Statistical Software Components Archive provides access to over 150 'components' in many popular statistical languages (Stata, Mathematica, GAUSS, MATLAB, RATS) which have been made available to the public by their authors. The working paper and SSC archives attracted almost 5,000 'hits' from around the world last June.

*David Belsley* attended the meetings of the Society for Computational Economics this summer in Cambridge, England, where he delivered a paper, "A Small-Sample Correction for Testing for Joint Serial Correlation with Artificial Regressions." He organized four of the conference sessions dealing with computational sta-

tistics and econometrics. In addition, he participated in a round-table on computational environments.

*Kristin Butcher* has returned from a year's visit to Princeton. Her article "Recent Immigrants: Unexpected Implications for Crime and Incarceration," with Anne M. Piehl, appeared in the July issue of *Industrial and Labor Relations Review*. She has also authored "An Investigation of the Effect of Immigration on the Labor Market Outcomes of African-Americans," forthcoming in *Help or Hindrance: the Economic Implications of Immigration for African-Americans*, Daniel Hamermesh and Frank Bean, eds.

*Don Cox* gave seminars at the University of California at Santa Barbara and UCLA, and he visited MIT, where he gave an informal lunch talk on research issues in intergenerational transfers, all in March 1998. In April, Don traveled to Swarthmore College, where he gave a lecture for economics majors.

*Frank Gollop's* recent works include "The Pin Factory Revisited: Product Diversification and Productivity Growth," *Review of Industrial Organization*, 12, 317-334, 1997, and two articles coauthored with Gregory Swinand (ABD): "From Total Factor to Total Resource Productivity: An Application to Agriculture," *American Journal of Agricultural Economics*, 80, 1998, and "Total Resource Productivity: Accounting for Changing Environmental Quality," forthcoming in *New Developments in Productivity Analysis: Conference on Research in Income and Wealth*, Edwin Dean, Michael Harper, and Charles Hulten, eds.

*Peter Gottschalk* and *Kathy Lang* (Ph.D. '96) coauthored "The Loss in Efficiency from Using Grouped Data to Estimate Coefficients on Group Level Variables," *Computational Economics*, November 1996. Peter also wrote "Inequality, Income Growth and Mobility: the Basic Facts," *Journal of Economic Perspectives*, Spring

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1997; "Cross-National Comparisons of Earnings and Income Inequality," with Timothy Smeeding, *Journal of Economic Literature*, 35:2, 1997; *Generating Jobs: How to Increase Demand for Less-Skilled Workers*, edited with Richard Freeman, Russell Sage Foundation Press, 1998; "Cross-National Differences in the Rise in Earnings Inequality—Market and Institutional Forces," with Mary Joyce (Ph.D. '92), forthcoming in *Review of Economics and Statistics*; "An Analysis of the Impact of Sample Attrition in Panel Data: The Michigan Panel of Income Dynamics," with John Fitzgerald and Robert Moffitt; and "An Analysis of the Impact of Sample Attrition on the Second Generation of Respondents in the Michigan Panel of Income Dynamics," with John Fitzgerald and Robert Moffitt, both to appear in *Journal of Human Resources*.

Frank McLaughlin made an encore appearance as the guest speaker at the Hudson Catholic High School graduation ceremonies in May. Frank was also invited once again this winter to participate in Harvard University's Trade Union Fellows Program. He published two articles in the *Historical Journal of Massachusetts*: "The Replacement of the Knights of Labor by the International Longshoremen's Association in the Port of Boston," 26:1, 27-45, 1998, and "The Boston Longshoremen's Strike of 1931," 26:2, 1998.

Bob Murphy's activities included the following presentations: "Household Debt and Aggregate Consumption Expenditures," at the Annual Meeting of the National Association of Business Economists, New Orleans, September 14-17, 1997; and "Comments on Quasi Purchasing Power Parity," at the American Economic Association Annual Meeting, Chicago, January 3-5, 1998. Bob served as Chair of the Committee of Examiners, Graduate Record Examination Economics Test, 1997-98, and as an Honors Examiner for the Economics Department at Swarthmore College, May 1998.

Assoc. Prof. Serena Ng was awarded tenure last March. Her latest work includes "Estimation and Inference in Nearly Unbalanced Nearly Cointegrated Systems," with Pierre Perron, *Journal of Econometrics*, 79, 54-81, 1997; "Properties of the Autoregressive Spectral Density Estimator at Frequency Zero in ARIMA Processes," with Pierre Perron, forthcoming in *Econometric Theory*; "Parametric and Non-parametric Approaches to Price and Tax Policy Reform," with Angus Deaton, forthcoming in the *Journal of the American Statistical Association*; and "A Semi-Parametric Factor Model for Interest Rates and Spreads," with Eric Ghysels, to appear in *Review of Economics and Statistics*.

Joe Peek's 1998 presentations, all written with Eric Rosengren of the Boston Fed, were "The Poor Performance of Foreign Bank Subsidiaries: Were the Problems Acquired or Created?" at the Consolidation of the Financial Services Industry Conference, Federal Reserve Bank of New York, New York, NY, March 27; "The Japan Premium—Work in Progress," at the Japan Project Meeting, April 17, and "Collateral Damage: Effects of the Japanese Real Estate Collapse on Credit Availability and Real Activity in the United States," April 24, both at the NBER, Cambridge, MA. May 15 found Joe at the Economic & Investment Forum, sponsored by Central Credit Union Fund and Credit Union Brokerage Services, where he presented "Bank Capital, Bank Supervision, and Risk: Implications for the Regulation of Credit Unions." Joe was quoted in *The Los Angeles Times* on April 15 regarding the possible impact of large bank mergers on small business lending. His recent article on small business lending by banks, "The Evolution of Bank Lending to Small Business," was mentioned in the *American Banker* on May 8. "Comment on 'Bank Examination and Enforcement, 1980-1994'," in *History of the Eighties—Lessons for the Future: Proceedings of the FDIC Symposium*, Federal Deposit Insurance Corporation, Vol. 2, 1997, is forthcoming.

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Presentations in the fourth quarter of 1997 included: "The Effects of Interstate Banking on Small Business Lending," Conference on The Impact of Bank Mergers and Acquisitions on Small Business, U.S. Small Business Administration, Office of Advocacy, Washington, DC, October; "The Dissemination of Adverse Information Prior to the Bank of New England Failure: 'What We Have Here Is a Failure to Communicate'," Financial Management Association Meetings, Honolulu, October; "Collateral Damage: Effects of the Japanese Real Estate Collapse on Credit Availability and Real Activity in the United States," Office of the Comptroller of the Currency, Washington, DC, in October, and at The Fifth Mitsui Life Symposium on Global Financial Markets, University of Michigan Business School, in November. "How Well Capitalized Are Well-Capitalized Banks?" with Eric Rosengren, appeared in the *New England Economic Review*, September/October 1997, 41-50.

Joe Quinn's activities included: "Social Security Reform: Marginal Change or Radical Reform?" a talk given at the Maxwell School, Syracuse University, June 1998; "New Paths to Retirement," a paper presented at the Wharton School, University of Pennsylvania, Philadelphia, PA, April 1998; "Options for Social Security Reform," a lecture presented at the Social Security Administration's Management Forum, Denver, CO, March 1998; "Demographics and the Labor Market: Trends in the USA," presented at a conference on "Pension Reform in an Ageing World," Berlin, March 1998; "Privatization and Social Security Reform," a lecture presented at the Social Security Administration's policy education seminar, Philadelphia, PA, January 1998; "Social Security Reform: Is Privatization the Answer?" a lecture presented to the Drury College community, Springfield, MO, November 1997; "A Research Agenda for SSA," remarks to the Social Security Advisory Board, Washington, DC, June 1997; and "Cross-National Patterns of Labor Force Withdrawal," with Tim Smeeding, a paper presented at the

annual conference of the Foundation for International Studies on Social Security, Sigtuna, Sweden, June 1997.

Quinn's recent publications include "Employment and the Elderly," *The Gerontologist*, April 1998; "Economic Implications of an Aging Society," *Review of Income and Wealth*, December 1997; "Implementing Pro-Work Policies for Older Americans in the Twenty-First Century," with Richard Burkhauser, in *Preparing for the Baby-Boomers: The Role of Employment*, U.S. Senate Special Committee on Aging, July 1997; "Retirement Trends and Patterns in the 1990s: The End of an Era?" *The Public Policy and Aging Report*, Summer 1997; "The Role of Bridge Jobs in the Retirement Patterns of Older Americans," in *Social Policy and the Labour Market*, Philip deJong and Theodore Marmor, eds., 1997, reprinted in *Retirement Prospects in a Defined Contribution World*, Dallas Salisbury, ed., Employee Benefit Research Institute, 1997; and "Social Security Reform: Marginal or Fundamental Change?" *Journal of the American Society of CLU & ChFC*, July 1997.

Joe continues to serve as the NCAA Faculty Athletics Representative and Chair of the Boston College Athletics Advisory Board. He is a member of the editorial board for *The Review of Income and Wealth*; a member of the Board of Governors, Foundation for International Studies on Social Security; a member of the (Mass.) Governor's Council on Economic Growth and Technology; and Chair of the National Academy of Social Insurance Dissertation Award Committee.

*Fabio Schiantarelli* was promoted to full professor last March. His recent work includes "Production Smoothing, Firms' Heterogeneity, and Financial Constraints: Evidence from a Panel of UK Firms," with A. Guariglia, *Oxford Economic Papers*, 1998, and "Variable Markups in a Model with Adjustment Costs: Econometric Evidence for U.S. Industry," with M. Galeotti, forthcoming in the *Oxford Bulletin of Economics and Statistics*.

## Alumni News Notes

Funny you should ask! *Basma Bekdache* (Ph.D. '95) has an article, "The Time-Varying Behavior of Real Interest Rates: A Re-Evaluation of The Recent Evidence," forthcoming in *Journal of Applied Econometrics*. • *Karen McCormick Blanford* (Ph.D. '82) has returned to the classroom, part time, teaching statistics at Merrimack College. Karen's children will be entering second and third grade in the fall. • *Emily Blank* (Ph.D. '84) has written "Defined Benefits, Defined Contributions, Retirement Wealth," forthcoming in *Industrial Relations*. While attending the summer workshop at the Institute for Research on Poverty at the University of Wisconsin, Emily ran into none other than our own Peter Gottschalk. Emily's personal interests include her involvement in a certification program for cantors, who, for those unfamiliar with the term, are Jewish song-prayer leaders. She will be leading members of a small North Carolina synagogue during the Jewish High Holy Days in September. • *Celia Cabral* (Ph.D. '91), on sabbatical from the New University of Lisbon, is visiting IMPA (Mathematics Institute) in Rio de Janeiro until September 1998, accompanied by her husband and family. • *Mustafa Caglayan's* (Ph.D. '97) "Uncertainty Resolution and Strategic Trade Policy in Oligopolistic Industries" has been accepted for publication in the *Review of International Economics*. Mus is working on several collaborative projects with Fabio Schiantarelli, Kit Baum, and fellow alum John Barkoulas (Ph.D. '94); after spending a few weeks in Boston this summer he has returned to Koç University in Istanbul. • *William L. Casey, Jr.* (Ph.D. '67), Professor of Economics at Babson College, is the author of *Beyond the Numbers: Foreign Direct Investment in the*

*United States*, published by JAI Press, Inc. Greenwich, CT., 1998. • *Mark Coleman* (M.A. '94) is Vice President, Quantitative Real Estate Research, Fixed Income Group, at Donaldson, Lufkin & Jenrette Securities Corporation in New York. • *Eugene Coyle's* (Ph.D. '69) stance in the fight against the sale of millions of dollars in bonds, believed essential to the deregulation of California's major utilities, was highlighted in a *Wall Street Journal* article, August 20, 1997. • *Michael Fenollosa* (Ph.D. '94), a John Hancock Mutual Life Insurance Company economist, was quoted in the March 26, 1998, issue of the *Wall Street Journal*. The front-page article stated that Michael believes that many U.S. companies are not dealing with, and may be underestimating, conversion needs as Europe prepares to function under a single currency in January 1999. He notes that McDonald's Corporation states that "there are many unknowns" as they prepare to update menu prices and adapt cash registers to the new system in Europe. • *Alev Hiçsonmez* (M.A. '95) is a specialist in Joint Venture Relations, for Sabanci Holding, Istanbul, Turkey. • *Xiaoqiang Hu* (Ph.D. '94) wrote "Macroeconomic Uncertainty and the Risk Premium in the Foreign Exchange Market," published in the *Journal of International Money and Finance*, 16:5, 699:718, 1997. • *Mary Joyce* (Ph.D. '92) and *P.J. Nigro* (Ph.D. '92) had better mind their P's and Q's, judging from the quotes of their children, Elizabeth and Brendan, in their Christmas Quotes note. It looks as if they don't miss a beat in Mom and Dad's activities. Could another D.C. tell-all be in the works? • *Meral Karasulu* (Ph.D. '96) is involved with interesting work in the IMF's Economics Program, with a recent mission to Amsterdam and an upcoming trip to Slovenia. • *Mark Kazarosian* (Ph.D. '92) has

*Continued, p. 14*

two items to report: his publication of "Precautionary Savings: A Panel Study" in *Review of Economics and Statistics*, May 1997, and his relocation from Northeastern's b-school to the bucolic surroundings of Stonehill College in North Easton. (Don't worry, prospective crashers: he still lives across from the BC front gate!). • *Jim Monks'* (Ph.D. '94) has several publications: "The Impact of College Timing on Earnings," *Economics of Education Review*, 1997; "Trends in Voluntary and Involuntary Job Turnover," written with *Steven Pizer* (Ph.D. '98), forthcoming in *Industrial Relations*; and, also forthcoming, "The Effect of Uncertain Returns on Human Capital Investment Patterns," in the *Atlantic Economic Journal*. • *Samanta Padalino* (M.A. '98) wrote "The Employment Intensity of Economic Growth in the G-7 Countries" with *Marco Vivarelli* of the International Labour Office in Geneva, published in *International Labour Review*, 136:191-213, 1997. • *Kumiko Powell* (Ph.D. '92) is working for the United Nations in Beirut, Lebanon, as an Economic Affairs Officer for the Economic and Social Commission for Western Asia (UN-ESCWA). Her work involves doing economic analyses in macroeconomics, trade and finance, and publishing reports. Kumiko is happily immersing herself in the culture, studying Arabic, visiting new friends, and learning to drive in a city where she has not seen a traffic light or a dividing line on the roadways yet. (Boston is beginning to look good!) Helping the airlines to prosper, she is a frequent flyer to Chicago, where her husband and son remain, until Kumiko and Jeff can relocate to common territory. • *Kristian Uppenberg* (Ph.D. '96) has left the London branch of DRI-McGrawHill for a position working for chief economist of the European Investment Bank in Luxembourg.

## *Mary Foley's Stork Market Tips*

Just when we thought that girls were going to predominate in this year's stork market, the boys staged a late rally, making predictions difficult. With the arrival of Santa Claus and the Stork, Greg (ABD) and Carla Swinand's chimney overflowed with a beautiful package, Glenna Marie, born on December 24, 1997. Glenna has been a regular visitor to the department; she just can't make up her mind between micro and macro. (On the one hand . . . , but on the other hand . . . ) • Santa paid an early visit to Minh Huynh (ABD) and his wife, also, with the gift of a baby boy. • Jim (Ph.D. '94) and Karen Monks added Tess Elizabeth to their household on April 6, where she joined two-year old Katie, already in residence. • Also in April, Yuichiro (third-year grad student) and Chiaki Yoshida became first-time parents to daughter Lisa. All are doing well. • Just when the girls thought they had the market cornered, along came Amir Seyed Kazemi, born two weeks early on June 4, 1998, to Hossein and Parveneh Kazemi. Young Amir has already been nicknamed J.J., Jr., by a close family friend. Many of you know Hossein as our long-standing part-time visitor from Stonehill College, teaching courses in monetary theory and policy. • Adding support to Amir is Nickolas Hansen, born to Bruce and Korinna on June 22. Nickolas' sister Zoe thought that Mom and Dad had bought her a new toy! • Alison Kelly-Hawke (Ph.D. '93), and her husband John have welcomed their first child, Megan Elizabeth, born June 3. Alison is a member of the faculty at Suffolk University in Boston.



## THE LAST OF THE FIRST

Charles Sullivan, one of three students who received Ph.D.'s in economics in the first graduating class of 1957, passed away on December 3, 1997, in Bangor, Maine. You may recall that Charlie and his wife Mary, who met at Boston College, were featured in the *Alumni News Notes* section of the 1995 Newsletter. Charlie was a Boston College "Triple Eagle," having received his undergrad degree in 1950 and his law degree in 1960. Our condolences to Mary and their family.

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## BC ECON ON THE WEB

Have you visited our department's Web home page recently? Enhancements are always underway, with links provided for a variety of information sources and on-line data. Conference announcements, professional societies' home pages, statistical software links, and on-line access to full text journal articles are featured. Of course, the local talent is featured: more than 120 BC faculty working papers are downloadable in full-text (Adobe Acrobat) format, as are course syllabi for all grad and undergrad offerings each semester and the last several issues of **BC•EC**. Faculty members' recent publications, CVs, and contact information (including personal home pages) are also available. For those who are interested in graduate study, a link to the Graduate Program mirrors hard-copy materials about the department; application materials can be requested on-line. So stop by and check it out!

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## WAITING FOR GODOT, OR A RENOVATED CARNEY HALL

Yes, General Franco is still dead, and BC's plans to ameliorate the Middle Campus space crunch are still on hold. The UAPC initiatives (see p.1) include major capital projects, such as the demolition of McElroy Commons, a new student center to replace it, and a humanities building, Monan Hall, on the Middle Campus. The latter project will relieve space constraints in Carney Hall, which will then be thoroughly renovated.

A sizable fraction of this project would be completed by this time were it not for BC's friends and neighbors in Chestnut Hill, who convinced the Newton Board of Aldermen to deny a building permit in 1996. BC sued; the case is being heard this spring and summer in Land Court, with an expected completion date of Aug. 21. BC's lawyers expect to prevail (woe betide the Newton taxpayer!) and you may expect that a positive decision will have the backhoes rolling in short order.

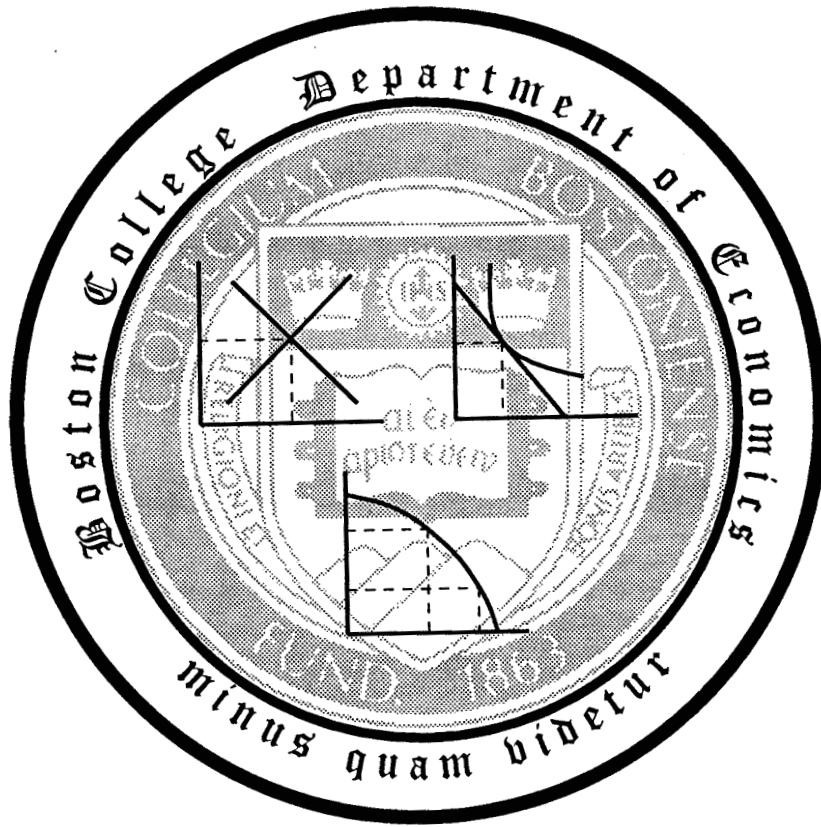
In all seriousness, the space constraints and sub-standard facilities of Carney Hall—the only major academic building on campus that has not received attention—are a considerable hindrance to the Department's plans for improvement, especially as they relate to wooing prestigious senior researchers with external funding. At this point, facilities are the binding constraint on our progress toward the UAPC goals.

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