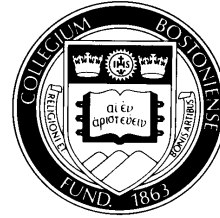


THE BOSTON COLLEGE ECONOMICS DEPARTMENT NEWSLETTER

August 1999



Quinn Named to Arts and Sciences Deanship



The Boston College Office of Public Affairs announced on 18 June that nationally-renowned economics professor Joseph F. Quinn has been named to be the next dean of the College of Arts and Sciences. In mid-July, Quinn

succeeded J. Robert Barth, S.J., who rejoined the English Department faculty after serving as dean for 11 years.

Considered one of the nation's leading experts on retirement issues, Social Security reform and the economics of aging, Quinn has taught economics at Boston College since 1974. He served as chairman of the Economics Department from 1988-1994. He also serves as NCAA faculty athletics representative and chairman of the BC Athletics Advisory Board. A 1969 graduate of Amherst College, Quinn received a Ph.D. in Economics from MIT in 1975.

In announcing the appointment, Boston College President William P. Leahy, S.J., noted that Quinn is an individual who has excelled in teaching, scholarship and service and who understands and supports the mission of Boston College. "Joe Quinn has vast experience at Bos-

Continued, p.2

Four New Hires join Department Faculty

The first fruits of the University Academic Planning Council initiative for strengthening of the Department will be evident this fall, when four new faculty join the ranks. The department faculty have made significant appointments in microeconomic theory, an area of active search in recent years, with three new hires. At the full professor rank, Uzi Segal, a noted scholar in decision theory and social choice, has accepted an appointment. Associate Prof. Hideo Konishi joins us from Southern Methodist University, adding strength in public economics and urban economics. At the junior level, Assistant Prof. Ingela Alger, a recent graduate of Toulouse, has research interests in industrial organization and contract theory.

The macroeconomists have not been forgotten, though; a number of very strong candidates were interviewed for a junior macro slot, and we are pleased to have Assistant Prof. Tommaso Monacelli, a newly minted Ph.D. from NYU, adding to our strengths in macroeconomics and international economics.

Monacelli, working under Mark Gertler, Jordi Gali and Andres Velasco at NYU, studied "Exchange Rate Regimes, Monetary Policy, and Fluctuations" in his dissertation research. His paper "How Much (A)symmetry in Europe? Evidence from Industrial Sectors," with three coauthors, appeared in the *European Economic Review* in May 1995. His current

Continued, p.8

Quinn becomes A&S Dean...from p.1

ton College and is highly respected as a scholar/teacher and University citizen," said Father Leahy. "I am confident that he will be a superb dean, who will build upon the strong foundation left by Father Barth and his predecessors." Outside of Boston College, Quinn has served as co-chair of a technical panel for President Clinton's Social Security Advisory Committee, as a fellow of the Employee Benefits Research Institute, as a founding member of the National Academy of Social Insurance, and as a member of the Massachusetts Governor's Council on Economic Growth and Technology. He is the author of dozens of scholarly publications on economic issues, and was part of a team headed by Boston College Drucker Professor of Management Alicia Munnell that brought a \$5.25 million, five-year grant from the Social Security Administration to establish the Retirement Research Center at Boston College, one of only two research consortia on retirement issues in the nation.

"I have been at Boston College for 25 years and have loved every minute of it," said Quinn. "I am thrilled and honored to be assuming this new role and I look forward to building on the good work of my predecessor Father Barth and our colleagues."

In other administrative changes, Dean John Neuhauser of the Wallace E. Carroll School of Management was named Academic Vice President and Dean of Faculties on August 6, succeeding Dean David Burgess. Neuhauser has led the CSOM for many years, during which the Ph.D. in Finance has been established, and a number of endowed chairs acquired for the business school.

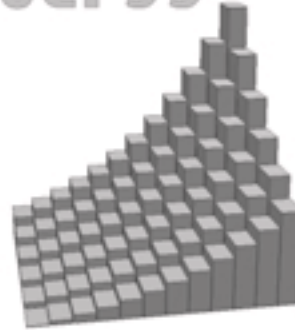
(Portions of this story and the Quinn photo originally appeared in the BC Chronicle).



John Neuhauser

Computing in Economics and Finance '99 brings hundreds to BC campus

CEF99



In the culmination of a two-year effort, Profs. David Belsley and Kit Baum welcomed more than 250 colleagues to campus in late June for the Fifth International Conference of the Society for Computational Economics,

Computing in Economics and Finance '99 (CEF'99). The event, cosponsored by the Department of Economics and the Carroll School of Management, was a clear success, with nearly 200 scholarly papers being presented in three days of parallel sessions. Keynote speakers included John Geweke of the University of Minnesota, presenting "Computational Experiments and Reality," and Andrew Lo of the Sloan School of Management at MIT, speaking on "Foundations of Technical Analysis: Computational Algorithms, Statistical Inference, and Empirical Implementation." A third plenary session, organized by Mario Miranda of Ohio State, brought together an unprecedented array of software architects of five of the major languages used in economic and financial research: Mathematica, MATLAB, GAUSS, Ox and S+. Proponents of each language spoke of their strengths and capabilities, and a lively discussion with the audience ensued, providing a useful interaction between developers and their target audience.

Parallel sessions presented in CEF'99 included the discussion of techniques such as genetic algorithms, simulated annealing, neural networks, game theory, and complexity analysis, all of which provide ingenious means for pro-

Continued, p.3



CEF'99...from p.2

Prof. John Geweke lectures

viding solutions to problems that have heretofore eluded conventional analyses. In the finance area, topics such as risk management, options pricing, innovation, evolutionary modelling and computation, agent-based modelling, learning models, dynamic and non-linear models were presented.

The conference began on Thursday, 24 June, with welcomes from the University's Academic Vice President, Dean David Burgess, as well as Prof. David Kendrick of University of Texas-Austin, President of the Society, and conference co-hosts Belsley and Baum. A full day of four to five parallel sessions was concluded by the panel discussion on economic and financial software and a well-attended reception in the Heights Room. The highlight of Friday's activities, Prof. Geweke's lecture, was immediately followed by an excursion to the Boston waterfront for the majority of conference participants. The conference 'banquet' was a nontraditional trip by chartered coach and ferry-boat to Thompson Island in Boston Harbor. Conference participants disembarked from the boat and hiked across the island to enjoy a tradi-

tional New England clambake under a huge tent. Steamers, clam chowder, lobsters and corn were on the menu, with everyone's appetite whetted by the breezes of a summer evening on the water. A short program included the presentation of the Society's annual Graduate Student Paper Prizes, awarded to David Drukker (UTexas-Austin) and Utku Unver (Pittsburgh). The boat ride back treated participants to a magical view of the Boston skyline by night. Not all had the chance to enjoy the night life, though, as sessions on Saturday morning commenced at 8 AM, and carried on for a third full

day, culminating in Prof. Lo's afternoon lecture.

Belsley and Baum, along with Hans Amman of the University of Amsterdam, chaired the international program committee for the conference, and handled the logistics of local arrangements with the assistance of department staff and that of several graduate students. The majority of conference participants accepted the organizers' advice to stay in on-campus housing, which was conveniently located in several of the newer suite-style dormitories on Lower
Continued, p.11



Conference participants enjoy the exhibitors' display

Changing of the Guard



Prof. Frank Gollop took over the direction of the Economics graduate program from Prof. Marvin Kraus this summer at the expiration of Kraus' term. Gollop has served for many years as placement director for the department's Ph.D. program, and he is on a roll—every student looking for a job this last year found one. Frank believes this is clear evidence that “the quality of our students and the market's perception of our program are rising.” The UAPC initiative has permitted admissions officers Richard Arnott and Dave Belsley to admit a larger cohort of supported first-year students, with keen competition for the available slots. Retention is favorable, with many first-year students succeeding in their first attempt at the comprehensive exams, and entering the second year with hopes of completing their coursework and moving to the dissertation phase. The department's new Thesis Workshop, organized by Profs. Peter Gottschalk and Fabio Schiantarelli, has helped third- and fourth-year students focus on the development of their theses, and provided a forum for job market candidates to receive critical feedback on their presentations before taking them “on the road.”

As chronicled elsewhere in this issue (see “Marketability”), those road trips have been very successful this year. In other administrative changes, Associate Dean Pat deLeeuw of the Graduate School of Arts and Sciences,



Pat DeLeeuw

MARKETABILITY

As good as any harbinger of spring was the news that came early and often this year. Becoming the first student on the market this year to be offered a job, *Benoit Durand* accepted a position with the Washington, DC, office of the Law and Economics Consulting Group. The Group also has offices in San Francisco, Chicago, New York and Boston. Following closely upon Benoit's heels came *Oriana Bandiera*, who accepted a tenure-track position with the London School of Economics. Not only is this a great appointment for Oriana in terms of academic achievement, but the opportunity cost of air fares and flying time from London to Italy is significantly lower than flying from the USA. *Michael Hansen* accepted a position with the Center for Naval Analysis in Virginia. Michael moved to the Washington area to begin work on July 1. *Minh Huynh* opted for a move to the nation's capital to become an economist for the Social Security Administration's Division of Policy Evaluation in Washington, DC. He will be working on a revision of SSI eligibility rules and on a study on the effect of an increase in the retirement age on the U.S. work force. It was a good year, too, for *Martin Konan*, who will be joining the Carroll School of Management at Boston College, where he has received a two-year appointment; for *Ayla Ogus*, who has accepted a two-year appointment at Stonehill College, Easton, MA; and for *Niloufer Sohrabji*, who has accepted a one-year position at Simmons College in Boston.

familiar to nearly all grad students as the one who can solve any bureaucratic problem, has moved on to Bourneuf House as Associate Dean of Faculties, replacing Richard Spinello. Her former boss, Dean Michael Smyer, now carries the title of Associate Academic Vice President for Research and Graduate Studies. Both are now working for newly-appointed Academic Vice President John Neuhauser (see p.2).

OMICRON DELTA EPSILON

ODE grew by leaps and bounds in 1999. Led by Meredith Fascett and Caroline Lundquist, the chapter continued the career development program begun last year and introduced a Faculty-Student Discussion series. Prof. Joe Quinn led a discussion of Social Security reform in the fall, and Prof. Harold Petersen led a discussion about the stock market and speculative bubbles in the spring. The chapter inducted forty-three new members at the annual dinner in April, where Prof. Frank McLaughlin inspired the group with his talk entitled "Reflections on Ethics, Justice and Economics." Senior Lect. Catherine Schneider continues as advisor of the ODE chapter.

ODE now has a webpage linked to the Department's homepage. Information about the BC Chapter of ODE, chapter events and a link to the national ODE homepage are featured.

Cheney Scholars Prosper

The Department awarded Cheney Scholarships to Joseph Dickman, Thomas Mila, and Cynthia Perry, all from the College of Arts and Sciences, to help offset senior year expenses. After a very successful year, they graduated with armfuls of academic honors. All three received Honors in Economics and Latin Honors. Joe and Cindy were members of the A&S Honors Program, and Tom and Cindy were elected to Phi Beta Kappa. Cindy received the Bourneuf Prize for being the outstanding economics major and the Gasson Prize for achieving the top GPA in A&S.

Joe spent his junior year at the London School of Economics; he used that experience to write an honors thesis on the British perspective on joining the European Monetary Union. He participated in peer advising for students hoping to study abroad and was a member of Omicron Delta Epsilon, the economics honor society. He will be serving in the Peace Corps in Latin America for the next two years.

Tom's thesis focused on the relationship between

GRAD AWARDS FOR EXCELLENCE

When you have a group of dedicated teaching assistants and teaching fellows, it becomes a Herculean task to choose two students for awards of excellence. All the more reason to congratulate Can Erbil and Vasso Ioannidou, teaching fellow and teaching assistant respectively, winners of the 1999 Donald J. White Teaching Excellence awards. Can and Vasso exhibited sterling traits which were deserving of recognition.

The H. Michael Mann Fellowship Award for summer 1999 was bestowed upon three Ph.D. candidates this year: Metin Celebi, Maria Laura Parisi, and Yuichiro Yoshida. It seems that good things come in threes: Nikolay Gospodinov, Andreas Waldkirch, and Maurizio Zanardi each have been awarded Graduate A&S Dissertation Fellowships for 1999. Best wishes to all for success in using their time wisely to facilitate completion of their theses.

the credibility of institutions, such as patent laws and the level of research and development investment in various countries. In addition to being a member of Omicron Delta Epsilon and the Investment Club, he shared his fascination with computers by helping other students at the campus computer facility. He will attend George Washington Law School in the fall.

Cindy's thesis studied the investment of state and local pension funds, an outgrowth of the work she performed on Social Security reform last summer, while working as a research assistant for Drucker Prof. Alicia Munnell, director of the SSA-funded Retirement Research Center at Boston College. She participated in Omicron Delta Epsilon and the Student Admissions Program, worked as an advisor for international students, tutored student athletes, and served as president of Alpha Sigma Nu, the Jesuit Honor Society. Cindy was awarded a Fulbright Scholarship, but turned it down in favor of a fellowship from MIT, where she will study for a Ph. D. in economics.

COMMENCEMENT 1999

Threatening skies couldn't dim the spirits of the graduates at Alumni Stadium on Monday, May 24, 1999, as the culmination of years of hard work came to fulfillment. The rains came later that afternoon, but not before the Alumni Stadium ceremonies were concluded. U.S. Secretary of Energy Bill Richardson gave the Commencement address, but the biggest cheers erupted when President William Leahy, S.J. rose to his tiptoes to hood Bill Russell, Olympian gold medalist and Boston Celtics star in 11 NBA championships. David Trimble of the Northern Ireland Assembly was also among the honorary degree recipients. At the diploma ceremony for the Graduate School of Arts and Sciences, Minh T. Huynh, Carol Kallman Kane, David N. Mishol, Ayla Ogus, Neslihan Ozkan, Srikanth Seshadri, and Gregory P. Swinand received their well-deserved Ph.D. degrees. Before any of this could happen, there was the omnipresent thesis to complete. We'd like to present the titles for each graduate: Minh Huynh, "The Labor Supply Decision of Transfer Recipients"; Carol Kallman Kane, "State Mandates for Maternity Leave: Impact on Wages, Employment, and Access to Leave"; David N. Mishol, "The Medicaid Reimbursement Program and Reported Nursing Care In the Massachusetts Long-Term Industry"; Ayla Ogus, "Three Essays on Accidental Oil Spills"; Neslihan Ozkan, "Three Essays on Macroeconomics"; Srikanth Seshadri, "Essays on Governance, Fiscal Policy, and Growth"; and Gregory P. Swinand, "From Total Factor Productivity to Total Resource Productivity: Incorporating Trends in Pesticide Pollution into Productivity Growth Measures in U.S. Agriculture."

Continuing the odyssey to the Ph.D., but choosing to receive diplomas for the M.A. degree, were Jiangzhuo Chen, Rachida Ouyse, Niki Papadopoulou, Ozlem Sayinta, Ryan Ramdass, Xiaomeng Yang, and Huanwei Zhao. Christina Chira, Gulperi Furtun, Aytul Ganioglu, Geoffrey S. Somes, and Secil Uztetik received Master's degrees and have moved on. Let's offer a virtual round of applause to salute the accomplishments of all our 1999 graduates.

STRICTLY SPEAKING

The faculty seminar series strengthened its hold on Monday afternoons this year, with an exception here or there, hosting many invited speakers from diverse areas of the United States as well as from Canada. Adding zest to the department's agenda in the fall were: Giovanni Olivei, Federal Reserve Bank of Boston; Alessandra Casella, Columbia University; Edi Karni, Johns Hopkins University; Giovanni Maggi, Princeton University; Eduardo Loyo, JFK School of Government, Harvard University; Hideo Konishi, Southern Methodist University, now BC; Bill Easterly, the World Bank; Alejandro Cunad, Harvard University; Tim Conley, Northwestern University; Tasneem Chipty, Brandeis University; Sylvain Leduc, Federal Reserve Bank of Philadelphia; Raphael DiTella, Harvard Business School.

Springing forward, the faculty welcomed the following speakers: Thomas Lubik, Yale; Tommaso Monacelli, NYU, now BC; Laura Alfaro, UCLA; Eli Behrman, Boston University; Uzi Segal, University of Western Ontario, now BC; Fabio Ghironi, Berkeley; Jenny Hunt, Yale University; Colin Campbell, Ohio State; Marc-Andre Letendre, Queen's University; Ingela Alger, University of Toulouse, now BC; J. Altonji, Northwestern University; Liu Zheng, Clark University; Dora Costa, MIT; Moshe Buchinsky, Brown University; Tom Downes, Tufts University; John Fitzgerald, Bowdoin College; Raquel Fernandez, New York University; Rob Jensen, JFK School of Government, Harvard University; and Mark Roberts, Penn State University.

Where would you find faculty at lunch time on Fridays? At the traditional Brown Bag Seminar, of course. Jushan Bai organized the series this year. A sampling of speakers included Richard Arnott, Jim Anderson, Fabio Schiantarelli, Peter Ireland, Harry Gakidis, and Peter Gottschalk.

SENIOR HONORS THESES: ON A ROLL

Should we be surprised at the caliber of the senior honors students? Of course not, but each year it seems that the latest group surpasses those who have come before. It just gets better and better. Harold Petersen was the designated hitter this year, standing in for Bob Murphy as director of the Honors Program and moderator of the senior honors seminar. He had some exceptional talent with whom to work.

This year's excellent group of writers and their advisors were: **Alissa De Jonge**, Regional Economic Growth: Why Some States Grow Faster than Others, Harold Petersen; **Joseph Dickman**, Britain & European Monetary Union: Assessing the Case for the U.K. Joining the Single Currency, Christopher Baum; **Meredith Fascett**, An Institutional Explanation for the Failure of Russian Economic Transition Reform, Alicia Munnell; **Olivia Fowlie**, The Effects of Increased Credit Card Availability and Use on Personal Bankruptcy Filings in the United States, Christopher Baum; **Timothy Halliday**, Immigration and Capital: Do Exogenous Immigrant Flows have a Causal Impact on Capital Flows?, Kristin Butcher/Peter Gottschalk; **Lan Hua**, The Physician Maldistribution Problem, Jaana Muurinen; **Dean Koutroupas**, Social Security: Solving the Long-run Financial Crisis, Joseph Quinn; **Thomas Mila**, Adoption of New Technologies and Institutions, James Anderson; **Kelly O'Meara**, Econometric Analysis of the Effect of Deposit and Refund Systems on Recycling, Frank Gollop; **Cynthia Perry**, Economically Targeted Investments by State and Local Pension Plans: Causes and Effects, Alicia Munnell; **Nicholas Petronko**, Hedge Funds as Part of a Diversified Investment Portfolio, Richard McGowan, S.J.; **Alberto Rossi**, Evidence on the Relationship between Income Inequality and Property Crime Rates across SMSAs in the United States, Peter Gottschalk; **Robert Smith**, An Analysis of the Relationship between Stock Returns and Company Fundamental Information, Harold Petersen; **Aim Usvissessivakul**,

PREQUEL— EPISODE I

As Kit would say, "We haff our ways." We have learned via the grapevine that Alpay Filiztekin (Ph.D. '94) and his wife Isik became parents to baby daughter Elif on January 2, 1999 and that Mike Kozy (M.A. '94) and his wife welcomed baby girl Molly to the world in June 1998. Kathy Lang (Ph.D. '95) and her husband Nick increased their fold on November 5, 1998, welcoming a son, Patrick Brennan, to their family. Three-year old Victoria Rose rounds out the foursome. Enrico Spolaore (Brown University, with multiple tours of duty at Boston College), and his wife happily welcomed their first child, Eduardo, on October 29, 1998. Jen and Kristian Uppenberg (Ph.D. '96) became parents for the first time with the arrival of their son Wyatt on April 12. Kristian and Jen have a website at www.redmachine.com/uppenberg for those of you who might enjoy seeing Wyatt. While Kristian's wife and son fared well, he reports that he was a "bit of a nervous wreck." (And this is only the beginning!) Basma Bekdache (Ph.D. '94) and her husband Fadi Mourad became the parents of son Jad on January 28, 1999, who accompanied them to the CEF'99 conference this summer. Happy news comes, too, from Don Cox and his wife Tracy: their daughter Ariel Sutherland Cox entered the world on May 30, 1999. We can't speak for Tracy, but there's no need for lights when Don is around. Taufik Sumawinata (ABD) announced that in early June he became the father of triplets Alaia (girl), Dante (boy), and Jeihan (girl). Hold the presses! Not all the news from Istanbul is bad: good tidings from Mustafa Caglayan (Ph.D. '97) and Neslihan Ozkan (Ph.D. '99), who told us of the arrival of Aydin Deniz Caglayan on August 4, 1999. Both the Caglayans and Filiztekens report that despite widespread damage in the Istanbul earthquake, neither family was directly affected.

The Asian Crisis: Causes, Vulnerability Factors, and Recommendations, Harold Petersen; and **Alexander van der Ven**, Acquisition Motives of Medical Technology in Eight Countries, Jaana Muurinen.

research focuses on exchange rate regimes, labor market dynamics, and monetary policy regimes. Monacelli, a native of Italy, did his undergraduate work at Bocconi in Milan.

Ingela Alger, a native of Sweden, studied with Jean-Jacques Laffont and Jean Tirole at Toulouse, writing on "Collusion with Adverse Selection." Since receiving the Ph.D. in 1997, she visited BU in 1997-98, and was a Research Fellow in the Financial Markets Group at LSE in 1998-99. She has several research projects underway on aspects of moral hazard and contract theory, with a paper forthcoming in the *Rand Journal*.

Coming to us from several years at SMU, Prof. Hideo Konishi is a public finance scholar, trained at Rochester and the universities of Osaka and Kyoto; he hails from Japan. He visited BU during the 1997-98 academic year and spent his last three summers in Kyoto and Aix-en-Provence. Konishi has authored more than a dozen papers in leading journals, including *Journal of International Economics*, *Journal of Economic Theory*, *Economic Theory*, and *Journal of Public Economics*, with a wide-ranging spectrum of research interests in public and urban economics, industrial organization, and game theory. His versatility will strengthen each of these areas, and provide solid support to many Ph.D. candidates' research.

Last but by no means least, the faculty are pleased to welcome Prof. Uzi Segal to Boston College. Uzi comes to us from Western Ontario, where he has held the rank of Professor since 1994. He moved to Western from the University of Toronto, which he joined in 1985, with visiting stints at UCLA and Cal Tech. Segal received the Ph.D. from Hebrew University in Jerusalem in 1984, researching "The connection between beliefs and preferences in economics," earning a master's degree in economics and a bachelor's degree in mathematics, economics and statistics from that institution. He holds Canadian and Israeli citizenship. Segal has published over

three dozen papers in refereed journals, with numerous appearances in *Journal of Economic Theory*, *Econometrica*, *Economic Journal*, *American Economic Review* and *Journal of Political Economy*. His research spans a variety of areas in decision theory, social choice, and utility theory. Segal has been an associate editor of *Econometrica* since 1995, and serves on the editorial board of *Journal of Risk and Uncertainty*. He brings significant strengths to our offerings in economic theory.

The international flavor of our Ph.D. program is echoed this year by our new faculty, each of whom comes from a different international background—and as Fabio Schiantarelli has observed, we've now managed to replenish our stock of Italian faculty members!

Grad Students Hit the Road

Our Ph.D. candidates have been improving their presentation skills and working on their resumes with several conference appearances. Benoit Durand presented "Does Exclusive Territory Dampen Producers' Competition?" at the Southwestern Economic Society's conference in San Antonio last April. Soner Tunay also attended those meetings, presenting "Investment in Pollution Control and the Ratchet Effect with Emission Taxes." Soner also gave that paper last October at the International Atlantic Economic Society's Boston meetings, and gave his empirical paper, "An Empirical Test of Ratcheting in Environmental Regulation," at the research sketches section of the NBER Summer Institute Workshop on Public Policy and the Environment this August. Nikolay Gospodinov participated in the CEF'99 conference, presenting "Median Unbiased Forecasts for Highly Persistent Autoregressive Processes." Cesare Robotti presented "Minimum-Variance Kernels and Economic Risk Premia," coauthored by CSOM Prof. Pierluigi Balduzzi, at those meetings, while Ayla Ogus presented "Modeling the Economics of Internet Companies," coauthored by Deniz Yuret and Michael de la Maza.

Jim Anderson's productivity over the years was recognized by Boston College this year. A new program of Distinguished Senior Research Awards to acknowledge researchers' overall productivity was established by the Academic Vice President's office this last year, and in a University-wide competition for these awards, Jim emerged as one of the three recipients. Not that we were surprised... His recent additions to the publications list include "Why Do Nations Trade (So Little)?," forthcoming in *Pacific Economic Review*, the Jao Lecture delivered to Hong Kong Economic Association; "Trade Restrictiveness Benchmarks," *Economic Journal*, 108 (1998), 1111-1125; "The Uruguay Round and Welfare in Some Distorted Agricultural Economies," *Journal of Development Economics*, 56 (1998), 393-410; and "Trade Reform with a Government Budget Constraint," in *Trade Policy and the Pacific Rim*, J. Piggott and A. Woodland, eds. (1999). Jim's presentations included "Trade, Insecurity and Home Bias: An Empirical Investigation," with Douglas Marcouiller, presented to the NBER spring program meeting and the Econometric Society European meetings; "Trade and Contract Enforcement," with Leslie Young, presented to the NBER Summer Institute, the Society for the Advancement of Economic Theory meetings in Greece, and the Econometric Society Winter Meetings in Boston; and "The Mercantilist Index of Trade Policy," with J. Peter Neary, given at the Midwest International Economics Meetings in Ann Arbor and in seminars at Penn State, Columbia and U of Connecticut. Anderson's current work involves a MIT Press book on measuring trade restrictiveness and work on "Models of Mafias." Sounds like some of that research award is funding feasts in the North End!

Richard Arnott's most notable publications were "Urban Spatial Structure," with Alex

Anas and Kenneth Small, in the *Journal of Economic Literature*, 34:1426-64, 1998, and "William Vickrey: Contributions to Public Policy," in *International Tax and Public Finance*, 5:93-113, 1998. Major projects for 1999 include the launching of two editorial projects (editorship of *Advances in Urban and Regional Economics* (Kluwer) and the *Journal of Economic Geography* (a new Oxford University Press journal). Three new research projects will challenge Richard's resolution to slow down in 2000: microfoundations of real estate cycles, economics of mass transit, and "how insurance markets really work." The perpetually peripatetic Richard traveled extensively, visiting the University of California at Irvine, the University of British Columbia, the London School of Economics, the Free University of Amsterdam, the University of Guelph, National Taiwan University, Kyoto University, and Tokyo University as well as attending several conferences and seminars.

Ingela Alger is the author of "Consumer Strategies Limiting the Monopolist's Power: Multiple and Joint Purchase," forthcoming in the *Rand Journal of Economics*.

Kit Baum and David Belsley were busy as beavers for the last year on organizing the Computing in Economics and Finance '99 conference (see p.2), with abstracts due in mid-January and a flood of correspondence regarding paper scheduling, registration, housing, and all that goes into a successful conference keeping them busy and then some. They had fun with the graphic arts elements (being two guys in search of artistic talent...) designing a logo which was emblazoned on posters, the web site, conference program and shoulder bag, and t-shirts! (Sorry, folks, sold out; collectors' items now). Baum and Basma Bekdache (Ph.D. '95) presented a preliminary version of "The Fisher Equation in the Context of Fractional Cointegration" at the CEF'99 conference in a session chaired by Meral Karasulu

Continued, p.10

(Ph.D. '96). Kit was also occupied with the details of the new interdisciplinary minor in Scientific Computation, which he co-directs, and was the lead author of a successful Teaching, Advising and Mentoring Grant application for curriculum development of this program. His previously unannounced research output included "Persistence in International Inflation Rates," with John Barkoulas (Ph.D. '95) and Mustafa Caglayan (Ph.D. '98), *Southern Economic Journal*, 1999, and "Long Memory or Structural Breaks: Can Either Explain Nonstationary Real Exchange Rates under the Current Float?," also with Barkoulas and Caglayan, forthcoming this year in the *Journal of International Financial Markets, Institutions, and Money*.

Peter Gottschalk and Mary Joyce (Ph.D. '93) recently published "Cross-national Differences in the Rise in Earnings Inequality—Market and Institutional Forces" in the *Review of Economics and Statistics*. Peter was a co-organizer of the Summer Workshop of the Institute for Research on Poverty, University of Wisconsin Madison where he presented a paper with Helen Connolly, a current BC graduate student. Gottschalk and Steve Pizer (Ph.D. '98) presented their paper at the Allied Social Science Association meetings, Columbia University, the Kennedy School of Government, and Williams College. Peter was appointed a Senior Affiliate at the Joint Center for Poverty Research, Northwestern University and the University of Chicago. But ask Peter about his real accomplishments, and he lets on that he's most proud of his silver medal in the lightweight E singles at the Master's National Rowing Competition in Atlanta!

Peter Ireland presented "A Method for Taking Models to the Data" at the CEF'99 conference. He is editing a special issue of the *Journal of Economic Dynamics and Control* containing a selection of papers presented at the conference.

Doug Marcouiller, S.J., recently presented "Trade, Insecurity, and Home Bias: An Empirical Investigation" at the XVII Latin American Meeting of the Econometric Society, held in Cancun. He observes that it's a difficult job, but someone has to do it. In slightly less salubrious surroundings, he gave the same paper to the Midwest International Economics meetings at Purdue in May, and presented it to the Harvard international economics seminar last spring.

Where in the world is Joe Peek? As we write, Joe just returned from visiting family in Turkey, but here are some of the places Joe has been. In July 1998, Joe presented "Early Intervention: Is It Enough to Prevent a Financial Crisis?" Deposit Insurance: Present and Future, Fondo De Garantias De Instituciones Financieras, in Bogota, Columbia. In September, Joe was in Santiago, Chile, where he presented "Japanese Banking Problems: Implications for Southeast Asia," Banking, Financial Integration, and Macroeconomic Stability, Second Annual Conference of the Central Bank of Chile. It was back to Chicago in October for the Financial Management Association Meetings where he presented "Collateral Damage: Effects of the Japanese Bank Crisis on Real Activity in the United States," and "Does the Federal Reserve Have an Informational Advantage? You Can Bank on It." Criss-crossing the Pacific to Tokyo, Japan, Joe presented "Determinants of the Japan Premium: Actions Speak Louder than Words" at the NBER Japan Project Meeting. Completing October travels, Joe presented "Collateral Damage: Effects of the Japanese Bank Crisis on Real Activity in the United States" to the Department of Finance at the University of Connecticut at Storrs, and in January 1999 he encoed the presentation at the AREUEA Annual Meetings in New York, and in February at Kentucky's business school. Joe tells us that this paper is forthcoming in the *American Economic Review*. "Is Bank Supervi-
Continued, p.11

sion Central to Central Banking?" Joe asked at the Monetary Economics Workshop at Harvard University in February. This paper appeared in this May's *Quarterly Journal of Economics*. He traveled to Basle, Switzerland in April to ask his audience at the Bank for International Settlements "Is Bank Supervision Central to Central Banking?" Joe presented "The Impact of Greater Bank Disclosure Amidst a Banking Crisis" at the Federal Deposit Insurance Corporation in Washington, DC, also in April, and in May at the 35th Annual Conference on Bank Structure and Competition in Chicago. At the same conference, Joe presented "Determinants of the Japan Premium: Actions Speak Louder than Words."

During the summer of 1998, *Joe Quinn* presented "Labor Market Trends of Older Workers" to the Committee for Economic Development, Subcommittee on the Labor Force Participation of Older Workers, in New York in July. He was a discussant at a session on "Intergenerational Transfers" at the research conference of the International Association for Research in Income and Wealth in Cambridge, England, in August. Traveling to Washington, DC, in the fall of 1998, Joe presented "Retirement Patterns and Bridge Jobs in the 1990s," to the President's Medicare Commission in September and to the Social Security Advisory Board in October. Journeying to Canberra, Australia, in November 1998, Joe presented "The Labor Market, Retirement and Disability" at a conference on Income Support, Labour Markets and Behavior, at the Australian National University. He presented a lecture, "Prospects for Social Security Reform in the United States," at the Australian Department of Social Security, also in Canberra. For Joe's latest news, see this issue's cover story!



Conference participants at the New England clambake

Campus. The facilities of the Carroll School of Management's recently renovated Fulton Hall provided convenient access to session rooms and an exhibitors' display space, where eight publishers and software vendors showed off their newest offerings.

Despite conflicts with other scholarly meetings both here and abroad (very difficult to avoid in the late-June time frame), CEF'99 attracted sizable interest worldwide, with over 250 registrants hailing from over 20 countries. The Society for Computational Economics holds its annual meetings on alternate sides of the Atlantic each year, so that last year's meetings were at the University of Cambridge, next year's will be in Barcelona, and the following year back at Yale. This international emphasis has been very successful in bringing together researchers—both academics and practitioners—from many institutions and countries.

As befits a conference on computing, the organizers were able to highly automate many details of the conference. BC Economics' participation in the RePEc (Research Papers in Economics) initiative made it possible to provide searchable Web access to all abstracts of papers presented at the conference. Authors were asked to provide downloadable versions of their papers, and more than 150 are accessible online from the CEF'99 website at <http://fmwww.bc.edu/CEF99>, searchable via IDEAS at <http://ideas.uqam.ca>.

Recent Working Papers

Full-text versions of all of these Boston College Working Papers in Economics are downloadable in Adobe Acrobat format from the Department web page <<http://fmwww.bc.edu/EC/>>, and are searchable by title, author and keywords via IDEAS at <<http://ideas.uqam.ca>>.

428. James E. Anderson, "Why Do Nations Trade (So Little)?"
427. Peter Gottschalk and Helen Connolly, "Early Labor Market Experience - Dead-end Jobs or Stepping-Stones for Less-Skilled Workers?"
426. Peter N. Ireland, "Sticky-Price Models of the Business Cycle: Specification and Stability"
425. Peter N. Ireland, "Expectations, Credibility, and Time-Consistent Monetary Policy"
424. Joseph F. Quinn, "Has the Early Retirement Trend Reversed?"
423. Robert L. Clark (North Carolina State University) and Joseph F. Quinn, "Reform of Retirement Programs and the Future Well-Being of the Elderly in America"
422. Christopher F. Baum, Mustafa Caglayan (Koc University) and John T. Barkoulas (Louisiana Tech University), "Exchange Rate Uncertainty and Firm Profitability"
421. Peter N. Ireland, "A Method for Taking Models to the Data"
420. Joseph F. Quinn, "The Labour Market, Retirement, and Disability"
419. Peter N. Ireland, "Interest Rates, Inflation, and Federal Reserve Policy Since 1980"
418. James E. Anderson and Douglas Marcouiller, S.J., "Trade, Insecurity and Home Bias: an Empirical Investigation"
417. James E. Anderson, "Trade Reform Diagnostics with Many Households, Quotas, and Tariffs"
416. James E. Anderson and J. Peter Neary (University College Dublin), "The Mercantilist Index of Trade Policy"
415. Peter N. Ireland, "Does the Time-Consistency Problem Explain the Behavior of Inflation in the United States?"
414. Robert G. Murphy, "Accounting for the Recent Decline in the NAIRU"
413. Oriana Bandiera, Gerard Caprio Jr. (World Bank), Patrick Honohan (World Bank and CEPR) and Fabio Schiantarelli, "Does Financial Reform Raise or Reduce Savings?"
412. Peter Gottschalk and Michael Hansen, "Have Recent College Graduates Experienced Worsening Wage and Job Distributions?"
411. Richard Arnott, "Neutral Property Taxation"
410. Jushan Bai and Serena Ng, "A Test for Conditional Symmetry in Time Series Models"
409. Basma Bekdache (Wayne State University) and Christopher F. Baum, "Sampling Intervals and the Behavior of Bond Term Premia: An Empirical Investigation"
408. Peter Gottschalk and Robert Moffitt (Johns Hopkins University), "Job Instability and Insecurity for Males and Females in the 1980s and 1990s"
407. Peter Gottschalk and Enrico Spolaore, "On the Evaluation of Economic Mobility"
406. Joseph F. Quinn, "New Paths to Retirement"
405. John T. Barkoulas (Louisiana Tech University), Christopher F. Baum and Mustafa Caglayan (Koc University), "Exchange Rate Effects on the Volume and Variability of Trade Flows"
404. Christopher F. Baum, Mustafa Caglayan (Koc University) and John T. Barkoulas (Louisiana Tech University), "Nonlinear Adjustment to Purchasing Power Parity in the post-Bretton Woods Era"
403. Eric Ghysels (Pennsylvania State University) and Serena Ng, "A Semi-Parametric Factor Model of Interest Rates and Tests of the Affine Term Structure"
402. Francis McLaughlin, "The Boston Longshoremen's Strike of 1931: A Conflict Over the Weight of the Sling Load"
401. Francis McLaughlin, "The Replacement of the Knights of Labor by the International Longshoremen's Association in the Port of Boston"

Basma Bekdache's (Ph.D. '95) article, "The Time-Varying Behaviour of Real Interest Rates: A Re-Evaluation of the Recent Evidence," was published in the *Journal of Applied Econometrics* 14:171-190, 1999. **Eugene Coyle** (Ph.D. '69), Utility Economist, coauthored a rebuttal to Argument Against Proposition 9 with Ralph Nader, Consumer Advocate, and David Brower, Founder, Friends of the Earth, which appeared in the California Voter Information Guide, November 3, 1998. **Atreya "Chucky" Chakraborty** (Ph.D. '94) of Brandeis University and **Mark "Kaz" Kazarosian** (Ph.D. '92) of Stonehill College just keep on truckin'! They recently published "Product Differentiation and the Use of Information Technology: New Evidence from the Trucking Industry" in the NBER Working Paper series as No. 7222, and made a very convincing presentation of their work at the NBER. **Joanne Doyle** (Ph.D. '93) has been promoted to associate professor with tenure at James Madison University, Harrisonburg, VA. Joanne coauthored "The Effects of Labor Markets and Income Inequality on Crime: Evidence from Panel Data," with Ehsan Ahmed and Robert N. Horn, published in the *Southern Economic Journal* 65(4), 717-738, 1999. **Rosemarie Emanuele** (Ph.D. '91) is a tenure-track assistant professor in the Department of Mathematics, and also on track for department chair, at Ursuline College in Pepper Pike, Ohio. She is teaching statistics, calculus and other math classes as needed, plus some economics (she says she has come to believe that economics is really "math in disguise"). It would seem that the emphasis on math at Boston College was well worth the effort! Rosemarie tells us that they like to believe that Ursuline College is the oldest Catholic women's college in the U.S. or, at least, the second oldest. **Patrick Franke** (M.A. '97) began work on March 1 at Commerzbank, Frankfurt, Germany, in the Global Economics department. Patrick added

a bit of trivia to his news by telling us that this is Europe's highest building. **Gurcan Gülen** (Ph.D. '96), Research Associate at the Energy Institute at the University of Houston, has brought us up to date with his publications: "The New Geopolitical Game in the Eurasian Oil and Gas Scene," with Xiaojie Xu and Michelle Michot Foss, *Geopolitics of Energy*, Issue 19, Number 12, December 1997; "Restructuring the Petroleum Industry in China," with Xiaojie Xu and Michelle Michot Foss, *Geopolitics of Energy*, Issue 20, Number 1, January 1998; "Efficiency in the Crude Oil Futures Market," *Journal of Energy Finance & Development*, 3: 1, 1998; "Regionalization in the World Oil Market: Further Results," forthcoming in *The Energy Journal*, 20:1, 1999; "Review of Legal Battleground in Turkey's Power Privatization War," with Ozgur Derman and Haluk Bilgic, forthcoming in *Utilities Law Review*; Gurcan's conference presentations were "Electric Power Privatization in Turkey" and "What Future for OPEC?" with Norm Duncan, both at the 21st Annual International Conference of the IAEE, May 1998, Quebec City. **John Jordan** (Ph.D. '97) of the Boston Fed Research Department presented "The Impact of Greater Bank Disclosure Amidst a Banking Crisis," coauthored with Joe Peek, at the Federal Deposit Insurance Corporation in April, and at the 35th Annual Conference on Bank Structure and Competition at the Chicago Fed in May. John's article "Pricing Bank Stocks: The Contribution of Bank Examinations" appears in the May/June *New England Economic Review*. **Alison Kelly-Hawke** (Ph.D. '93) has been promoted to associate professor with tenure at Suffolk University in Boston. **Greg Klein** (M.A. '85) is Senior Director of Economic and Policy Analysis for the National Cable Television Association. He and his wife Lisa live in the Washington area and are the parents of Matt, 11, and Mary Frances, 7. **James P. LeSage** (Ph.D. '83) and **Anyia Krivelyova**, a current Ph.D. candidate and protege in the U-Toledo Master's program, coauthored "A Spatial Prior for Bayesian Vector Autoregressive

Continued, p. 14

Models," *Journal of Regional Science*, 39:2, 1999. Congrats to Jim for his 43rd-place showing on Baltagi's worldwide rankings of applied econometricians, 1989-1995 (*Journal of Applied Econometrics*, Jul/Aug 1999). Donna and **Mike McDonald** (Ph.D. '88) are living in Ashburn, Virginia, with their children Caroline and Spence. **Van Newby** (Ph.D. '94) has settled in the mountains of Utah with his wife Bethany and their three sons, Chandler, Caleb, and Brendan. Van taught at the BYU Business School this past winter. **Samanta Padalino** (M.A. '97) is an economist at the Massachusetts Department of Telecommunications and Energy, the agency which regulates all public utility companies in Massachusetts. **Mark Sarro** (ABD) has relocated to the Brattle Group, a consulting firm located in Harvard Square, Cambridge. **Geoffrey S. Somes** (M.A. '99) is now an economist with the Fleet Financial Group in Boston. **Sr. Beth Anne Tercek** (Ph.D. '93) was in the neighborhood recently to attend a conference on health care at Harvard University. **Selin Yalcindag** (Ph.D. '92) has advanced from visiting professor to a tenure-track position at Washington and Jefferson College, a small liberal arts college located thirty miles south of Pittsburgh. Thanks and best wishes to those of you who share a bit of yourselves and your lives with us at Christmastime and throughout the year: Jean and Steve Feinschreiber, Janet Currie and Bentley MacLeod, Mary Joyce (Ph.D. '92) and P.J. Nigro (Ph.D. '92), and Mustafa Caglayan (Ph.D. '97) and Neslihan Ozkan (Ph.D. '98). Mus was back in Boston for most of the month of July to work with Fabio Schiantarelli and Kit Baum before his abrupt departure (see Prequel for details!). Thanks, too, to **Basma Bekdache** (Ph.D. '94) and **Alison Kelly-Hawke** (Ph.D. '93) for stopping by with their beautiful babies. We're sorry we missed **Meral Karasulu** (Ph.D. '96) when she was here for the CEF'99 conference, but we appreciated her nice note.

UNDERGRADUATE ALUMNI SUCCESS

We take pride in reporting the achievements of past economics majors. When he graduated from Boston College in 1998, **Brian Soucek** was the Bourneuf Award winner. Now a graduate student at Columbia University, Brian has been honored not once, but twice. Columbia has named him a "Humane Studies Fellow" and the Department of Education has awarded him their Jacob Javits Fellowship for the next four years.

"The Senior Executives Association is hosting a black tie dinner at the State Department this evening to recognize the winners of the Presidential Distinguished Executive Award. It's the top honor within the civil service." So wrote Mike Causey of *The Washington Post* on April 29, 1999. The group of honorees are credited with developing programs or taking action that saved taxpayers of the United States 36.6 billion dollars. Among the fifty-six top executives so honored was **Maureen A. McLaughlin**, (B.A. '77), the daughter of our own **Frank McLaughlin**. Maureen is Deputy Assistant Secretary for Policy, Planning, and Innovation in the U.S. Department of Education. Maureen was cited as "the principal architect in the Department of Education for developing, analyzing, and seeking passage for all of President Clinton's major higher education proposals, including the direct student loan program enacted in 1993, the new higher education tax benefits for students and families enacted in 1997, and the re-authorization of the Higher Education Act enacted in 1998." After receiving an M.A. in Public Policy from the University of Pennsylvania in 1979, Maureen spent nine years with the U.S. Congressional Budget Office before moving to the U.S. Department of Education in 1988. She was appointed Deputy Assistant Secretary in 1995.

Chong-en Bai bids farewell

After seven years on the Department faculty, Prof. Chong-en Bai has left to pursue research interests at the Chinese University of Hongkong. Chong-en came to BC in 1992, completing his Harvard Ph.D. in economics the following year. He also holds a Ph.D. in Mathematics and Statistics from San Diego. At the graduate level, Bai taught Game Theory and Economics of Information, Topics in Advanced Microeconomic Theory, and was the mainstay of the Ph.D. program's offerings in mathematical economics for many years. He also served on the Microeconomics Comprehensive Examination committees, and played an active role in recruiting many of our excellent Chinese Ph.D. students. At the undergraduate level, Chong-en taught Mathematics for Economists, Statistics, and Economic Reform in China and Latin America. His research centers on comparative economics, with several articles in the *Journal of Comparative Economics* and a forthcoming piece in *European Economic Review*.

We also bid adieu to Visiting Prof. Harry Gakidis, who pinch-hit in our undergraduate macro theory offerings last year as he was finishing up at MIT. We wish him well.

BC Econ on the Web

Have you visited our department's Web home page recently? A major redesign of the page has just been put in place, with maroon and gold highlight buttons to link you to each point of interest. So stop by and check it out!

<http://fmwww.bc.edu/EC/>

This website was produced in a Windows-free environment from 100% recycled electrons on one of the Department's two dozen new PowerMacintosh G3 workstations.

Think Different!

(STILL) 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 (can you believe it?) still on hold. The UAPC initiatives 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 was heard in Land Court, with a decision expected from the judge any day now.

In all seriousness, the space constraints and substandard 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.

**BC
EC**

is a publication of the Boston College Department of Economics, Carney Hall, Boston College, Chestnut Hill, MA 02467-3806 USA. You may reach the department by telephone at 617-552-3670, or by telefax at 617-552-2308, or by electronic mail at baum@bc.edu.

Edited by Kit Baum and Mary Foley

Produced with Adobe PageMaker 6.0 on Apple Computer's PowerMacintosh G3 systems. Think Different!