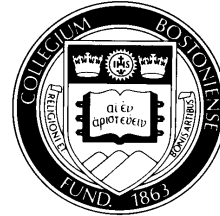


# THE BOSTON COLLEGE ECONOMICS DEPARTMENT NEWSLETTER

August 2000



## **Ireland Leads Department**

After six years at the department's helm, Dick Tresch relinquished the chair's office to Peter Ireland this July 1. Dick presided over the department's initial response to its identification as a UAPC "targeted department," skillfully negotiating with deans to ensure that we had maximum flexibility in the hiring process. That work paid off, as a glance at the current faculty roster will demonstrate--with many of the most prolific and well-known faculty members having joined the department during his tenure.

One of the aforementioned prolific senior hires is Prof. Peter Ireland, who has accepted the challenge of leading the department for the next three years. A clear benefit to his new role is that he now views child care of his four-month-old son much more favorably. Peter is an established researcher in monetary and macroeconomics, and plans to take lessons from Dean Quinn to ensure that he has the time to keep his hand in and pursue his active research program. Ireland is enthusiastic about the department's opportunities to make further strides in attracting top-notch faculty and graduate students, and looks forward to playing the role of Moses in January 2002--when (can we dare say it?) the department might actually have the opportunity to move to more salubrious quarters in a new building on lower campus.

## **Fabio Ghironi joins faculty Joe Peek bows out**

Strenuous activity in the job market this year turned out as a fish story: we can tell you about the ones that got away, at both senior and junior levels. The competition for first-rate faculty at either level is tough, and the department's standards for excellence in hiring ensure that we're not going to be the only prospective employer who properly values the candidate's talent and potential. Nevertheless, although there were some disappointments, we have very good news to report as well. The faculty are very pleased to welcome a seasoned macroeconomist, Fabio Ghironi, who will be joining us in January 2001 from the Federal Reserve Bank of New York. Ghironi is a 1999 Ph.D. from University of California-Berkeley with a number of publications to his credit.

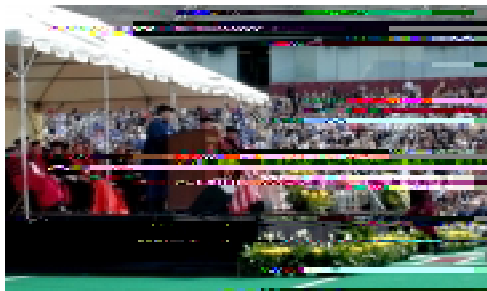
Although our second Fabio will be a real plus in the macro/money area, a field that always seems understaffed, we have also lost a veteran member of that group: Joe Bob Peek, who left us this summer for greener pastures (read that as you will). Joe is now the Gatton Chair of International Banking and Financial Economics at the University of Kentucky's Gatton College of Business and Economics. Joe joined the faculty in 1978, and was promoted to professor in 1989. As faithful readers of Faculty NewsNotes will recognize,

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## COMMENCEMENT 2000

Graduation exercises were held on May 22 at Alumni Stadium under a long-awaited sunny sky, lifting the graduates' spirits even higher. The department was well represented by a fine contingent of students. This year's Ph.D. graduates chose the following dissertation topics, listed chronologically according to date of defense: *Oriana Bandiera*, "Economic Institutions in Developing Countries"; *Martin K. Konan*, "Labor Hoarding and Unemployment in Central and Eastern Europe (1981-1995)"; *Michael L. Hansen*, "College Graduates in Non-College Jobs: Theory and Evidence"; *Benoit Durand*, "On the Efficiency of Vertical Territorial Restraints"; *Gurkan S. Oguz*, "Investment, Money, and Stock Prices: Empirical Studies"; *Emanuela Galasso*, "Essays on the Welfare of Children in Developing Countries"; and *Silvia Ardagna*, "Essays on Fiscal Adjustments." *Scott Fontaine*, *Zhining Hu*, *Petia Petrova*, *Tairi Room*, *Mirco Soffritti*, and *Li Wang* received Master's degrees. All will be continuing in the Ph.D. program, except Li Wang who has chosen to pursue other venues.

Adding to our pride in the accomplishments of our graduates was the news that a Graduate School committee had selected *Michael Hansen's* thesis as the most outstanding dissertation in the Social Sciences. Michael received the first annual Donald J. White Prize at Commencement. This was a special honor for him and for the department. Congratulations to Michael and to all who proved they possessed the necessary mettle and ability to reach the finish line. Topping off a wonderful day, the Graduate School of Arts & Sciences chose *Oriana Bandiera* as the representative recipient for all Ph.D. graduates at the Alumni Stadium ceremony, a special honor for Oriana and the department. Oriana's proud parents journeyed from Sicily to attend the festivities.



*Oriana heads for the platform*

## ECONOMICS 1-800-SEARCH

Smiles of relief graced the faces of our job-market candidates as they wiped their brows after several months of inherent anxiety gave way to the relief of the satisfying results noted below. Their efforts culminated in offers that flowed in from such diverse areas as the University of Alberta, Bocconi University, Concordia University, University of California at Santa Cruz, University of New South Wales, Tilburg University, Vanderbilt University, Wellesley College, IRIS Center at the University of Maryland, ZEF (Center for Development Research at the University of Bonn), Abt Associates, The Brattle Group, CNA Corporation, the International Monetary Fund, Economic Research Services—Social Security Administration, The World Bank, US Bureau of the Census/Commonwealth of Massachusetts, and London Economics. The candidates weighed the merits of the offers and made their choices. \* *Silvia Ardagna* accepted a tenure-track offer from Wellesley College. \* *Kevin Cahill* chose to accept an offer from Abt Associates, which will enable him to pursue his interests in health economics research. \* *Metin Celebi's* focus was on consulting and Metin found his match at The Brattle Group, located just across the river in Cambridge. \* *Emanuela Galasso* has long been interested in research and that interest has paid off in a position with the Young Professionals Program at the World Bank. \* *Nikolay Gospodinov* has chosen a career in academics and he will be traveling north to Concordia University in Montreal. \* *Antonio Menezes* will be flying to Europe to accept a post-doctoral fellowship at Fondazione Rodolfo DeBenedetti, Università Bocconi, Italy. \* Our sincere congratulations to all on their success!

*Jim Anderson's* "Trade Reform Diagnostics with Many Households, Quotas and Tariffs" is forthcoming in the *Review of International Economics*. Originally presented at the CEPR Conference on Trade and Location in Lund, August 1998, "Trade, Location and Security," with Douglas Macouiller, was revised extensively and presented anew at the NBER, April 1999, at the ESEM, Santiago, Chile, August 1999, and once again at the WTO Conference, Seattle, December 1999. Jim presented "Trade and Contract Enforcement" at the University of Copenhagen, at the Norwegian School of Economics in Bergen, June 2000, and had previously presented it to the Econometric Society meeting in Boston in January, at Tufts and Brandeis in March, and at Rice and the University of Texas-Austin in April 2000.

*Richard Arnott's* publications include: "Modeling Parking," with John Rowse, *Journal of Urban Economics* 45:1, 97-124, 1999; "Are Brokers' Commission Rates on Home Sales Too High? A Conceptual Analysis," with Paul Anglin, in *Real Estate Economics* 27, 179-749, 1999; "Rent Control, Mismatch Costs, and Search Efficiency," with Masahiro Igarashi, in *Regional Science and Urban Economics* 30, 249-288, 2000; "Information and Stochastic Capacity and Demand in the Bottleneck Model," with André de Palma and Robin Lindsey, in *European Economic Review* 43, 523-548, 1999; and "A General Equilibrium Spatial Model of Housing Quality and Quantity," with R. Braid, R. Davidson and D. Pines, in *Regional Science and Urban Economics* 29, 183-216, 1999. Richard traveled to the AREA & AREUEA Conference, Maui, May 1999, where he presented "Road and Rail: Second-best Pricing and Capacity," written with Ph.D. candidate An Yan, and "Neutral Property Taxation." In November 1999, he again presented "Road and Rail: Second-best Pricing and Capacity," at the Regional Science Association International in Montreal and at

the NBER Public Economic Program Meetings in April 2000.

*Kit Baum* found time to return to research after the flurry of conference activity, and had two articles recently accepted: "Nonlinear Adjustment to Purchasing Power Parity in the post-Bretton Woods Era," with alumni John Barkoulas and Mustafa Caglayan, to appear in *Journal of International Money and Finance*, 2001, and "Waves and Persistence in Merger and Acquisition Activity," with John T. Barkoulas and Atreya Chakraborty, appearing later this year in *Economics Letters*. Baum, Barkoulas and former CSOM prof Nick Travlos also published "Long Memory in the Greek Stock Market" in *Applied Financial Economics*, also in this issue.

tant initiative, which is designed to provide front-line paraprofessional support to meet the statistical computing needs of BC faculty and graduate researchers.

*David Belsley* attended the Barcelona meetings of the Society for Computational Economics, "Computing in Economics and Finance," this July. He organized eight sessions for the conference (one of which he chaired) and delivered a paper entitled "Correcting for Heteroskedasticity Using an Unbiased Estimator of  $\sigma(t)$  squared." A special issue of *Computational Economics*, "Computational Economics and Finance at Boston College," edited by Professor Belsley, will appear shortly. This issue is the result of the meetings of the Society that took place at Boston College last summer. The special issue of *Computational Economics*, "Computational Studies at Cambridge," edited by Professor Belsley was just published.

*Frank Gollop* wrote "The Effect of Ground Water Regulation on Productivity Growth in the Farm Sector," with Kelly Chaston, George Norton and Eldon Ball, eds., forthcoming in *Productivity Measurement and Analysis, U.S. Agriculture*. Frank received the Boston College Distinguished Teaching Award for 1999-2000 at Faculty Day, in recognition of his excellence in teaching.

*Peter Gottschalk* presented a paper coauthored with current BC Ph.D. candidate Helen Connolly, at the Multidisciplinary Program in Inequality & Social Policy, Harvard University, Cambridge, MA, April 2000. He also participated in a conference on "The European-American Employment Gap, Wage Inequality, Earnings Mobility and Skill," Paris, April 14, 2000. Among his most recent publications are "Changes in Job Instability and Insecurity Using Monthly Survey Data," with Robert Moffitt, *Journal of Labor Economics* 17:4, 1999, S91-S126, 1999; and "Sample Attrition in Panel Data: The Role of Selection on Observables," with Robert

Moffitt and John Fitzgerald, *Annales d'Economie et de Statistique* 55-56, 129-152, December 1999. Peter was the recipient of two grants: Russell Sage Foundation, 1999, to study the effects of labor market experience and job changes on the wage histories of workers with limited education; and Social Research and Demonstration Corporation, with Helen Connolly, to study the returns to experience and job changes of participants in the Self-Sufficiency Project.

*Peter Ireland's* "Does the Time-Consistency Problem Explain the Behavior of Inflation in the United States?" was published in the *Journal of Monetary Economics* 44:2, 279-291, October 1999. He has several more articles forthcoming: "Expectations, Credibility, and Time-Consistent Monetary Policy," *Macroeconomic Dynamics*; "Interest Rates, Inflation, and Federal Reserve Policy Since 1980," *Journal of Money, Credit, and Banking*; and "Sticky-Price Models of the Business Cycle: Specification and Stability," *Journal of Monetary Economics*. Peter presented "Sticky Price Models of the Business Cycle: Specification and Stability" in seminars at Arizona State University, "Intety,

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*Faculty News... from p.4*

*Sciences and Urban Economics* 30, 289-324, 2000. Hideo's presentations included "Coalition Formation and a Dynamic Process," with Debraj Ray, at NYU, at the Midwest Mathematical Economics Meeting at the University of Illinois at Urbana-Champaign, October 1999, and at the Canadian Economic Association Meeting in Vancouver, Canada, June 2000; "Migration-Proof Tiebout Equilibrium: Existence and Asymptotic Efficiency," with John P. Conley, at the University of Illinois and at the Regional Science Association International Meeting in Montreal, Canada, November 1999; "Anchor Stores," with Mike Sandfort at SMU, at the International Conference on the Frontiers in Spatial Economics in Kyoto, Japan, July, 2000, and at the Public Economic Theory Conference in Warwick, UK, July 2000. Hideo also presented "Coalition Formation and a Dynamic Process," in seminars at the University of Montreal, Canada, March 2000, and at Ohio State University, May 2000. He will be traveling during the summer to the University of Tokyo, Tsukuba University, and Osaka University, where he will present "Coalition Formation and a Dynamic Process" and "Anchor Stores."

Marvin Kraus presented "The Commuter's Time-of-Use Decision and Optimal Pricing and Service in Urban Mass Transit" at the Harvard University Urban Seminar, March 2000. This is a joint paper with Yuichiro Yoshida, a Ph.D. candidate in the Department.

Arthur Lewbel has written the following articles, all forthcoming: "Semiparametric Qualitative Response Model Estimation with Instrumental Variables and Unknown Heteroscedasticity," in *Journal of Econometrics*; "Demand Systems With and Without Errors," in *American Economic Review*; and "Identification of the Binary Choice Model with Misclassification," in *Econometric Theory*. Arthur continues to work on a grant from the National Science Foundation, awarded in 1999, to investigate "Semiparamet-

ric Limited Dependent Variable Estimators, with Applications." Juggling many balls at once has never been a problem for this expert! Perhaps some of you would like to read Arthur's "The Academic Juggler," featured regularly in *Juggler's World Magazine*, "devoted to the scientific analysis of Juggling."

Bob Murphy has been awarded the Viterbo Distinguished Chair in International Economics, Universita della Tuscia, Viterbo, Italy, under the Fulbright Scholars Program, Spring 2001. Bob's publications include: "Accounting for the Recent Decline in the NAIRU," in *Business Economics*, April 1999; "Macroeconomic Policy Implications of Oil in Colombia," in F. Gunter, ed., *Colombia: An Opening Economy*, JAI Press, 1999. He published two op-ed articles: "Our Friend, The Trade Deficit," in *The Washington Post*, May 21, 1999; and "Time for Japan to Inflate," in the *Journal of Commerce*, March 16, 1999. Bob presented "Economic Outlook: Prospects and Pitfalls as the New Millennium Begins" to the Executive Briefing Series, Boston College Club, Boston, MA, November 10, 1999, and "What's Behind the Decline in the NAIRU?" at the 47th Annual Economic and Social Outlook Conference, University of Michigan, Ann Arbor, MI, November 18-19, 1999. This article subsequently was published in the proceedings of the conference in January 2000.

Serena Ng has published "Testing for ARCH in the Presence of a Possibly Misspecified Mean," with R.L. Lumsdaine, *Journal of Econometrics* 93:2, 257-280, 1999; and "Estimating the Rational Expectations Model of Speculative Storage: A Monte Carlo Comparison of Three Simulation Estimators," with A. Michaelides, *Journal of Econometrics* 96:2, 231-266, 2000. Forthcoming publications include: "A Systematic Framework for Analysing the Dynamic Effects of Permanent and Transitory Shocks," with J. Gonzalo, in the *Journal of Economic Dynamics and Control*, C.R.D.E. WP 0396; and "Explaining the Persistence of Commodity Prices," with F.

*Continued, p.6*



## *OMICRON DELTA EPSILON*

The Boston College Chapter of ODE experienced another busy year. Members continued the tradition of tutoring in the Academic Development Center and the Office of Learning Resources for Student Athletes. They also organized two peer-advising sessions for new majors during the registration periods. A “stand-

## EXCELLENCE NOTED

*Mike Giandrea*, Teaching Fellow, and *Joy Ongardanunkul*, Teaching Assistant, were named winners of the Graduate School of Arts & Sciences 1999-2000 Donald J. White Teaching Excellence Awards for the Department of Economics. Many graduate students submit relevant material each year, hoping to win the award, so it is an honor for Mike and Joy to be chosen. Congratulations to both for their exemplary contribution to the teaching profession. Mike and Joy received their awards and were honored at a ceremony hosted by Academic Vice President John Neuhauser on Thursday, May 11.

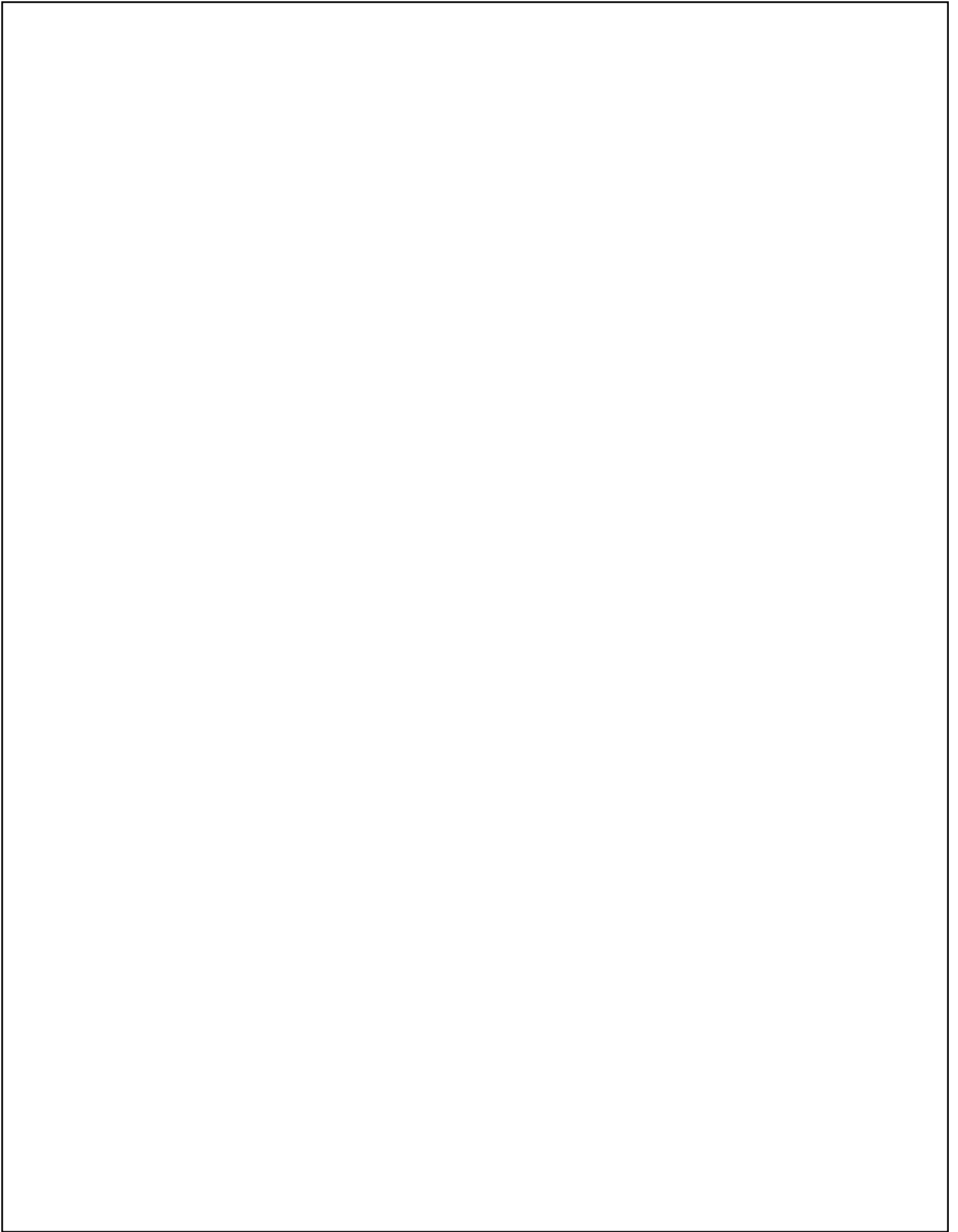
Congratulations to *Tiziana Brancaccio*, *Helen Connolly*, *Cesare Robotti*, and *An Yan*, who were this year's winners of the Graduate School of Arts & Sciences Dissertation Fellowships. Each recipient will have one semester free from all departmental teaching assignments to devote to completing, or making great strides, on their dissertations. Kudos to *Vasso Ioannidou*, *Anna Krivelyova*, and *Rachida Ouyssse* who have been honored as the recipients of the H. Michael Mann Summer Dissertation awards.

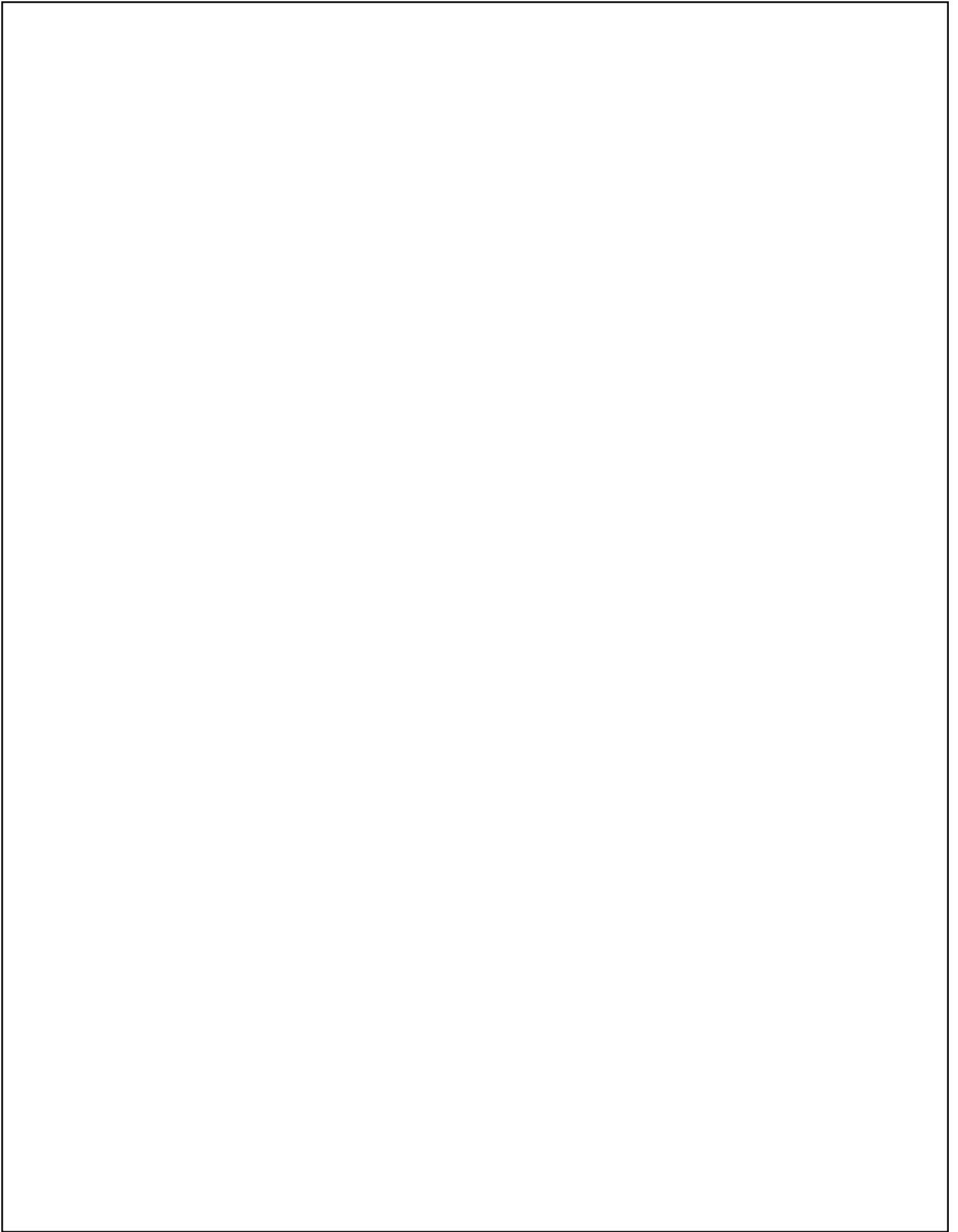
## DISCUSSIONS UNLIMITED

No sooner had classes begun in September when the department began a very active seminar schedule. Fall semester guests included: James Rauch, University of California, San Diego; Phil Levine, Wellesley College; Nick Souleles, Wharton School; Pravin Krishna, Brown University; Qi Li, Texas A&M University; Kerwin Charles, University of Michigan; Ken Small, University of California, Irvine; Albert Schweinberger, The University of Konstanz, Germany; David Cutler, Harvard University; Francisco Gomes, Harvard University; David Lee, Harvard University; Arthur Robson, University of Western Ontario; Eric Edmonds, Dartmouth College; Hilary Hoynes, Berkeley; and Devashish Mitra, Florida International University. The spring speakers were: John McLaren, Columbia University; Hilary Hoynes, Berkeley; Bart Hobijn, New York University; Skander Van den Heuvel, Yale University; Rochelle Edge, Princeton University; Alessandra Fogli, University of Pennsylvania; Zvika Neeman, Boston University; Deborah Minehart, Boston University; Robert J. Gary-Bobo, University of Cergy-Pontoise; and Jean Boivin, Columbia University.

Under the "What's new?" heading we find the B-Line Macro Seminar Series. (Don't you remember all those trolley stops?) Russell Cooper of Boston University and our own Fabio Schiantarelli joined forces to initiate a BC/BU Macroeconomics Seminar Series. Counted among their fall speakers were Russell Cooper; Pat Kehoe, University of Pennsylvania and the Minneapolis Federal Reserve; Francesco Giavazzi, Bocconi University, CEPR, NBER; John Leahy, Boston University; Scott Mayfield, Harvard Business School; Simon Gilchrist, Boston University; and Scolm Col9S to initiate a BC/BU Macroeconomics Seminar Series. Counted among their fall speakers were Russell Cooper; Pat Kehoe, University of Pennsylvania and the







## *Undergraduate alumnus a leading scholar in comparative economics*

**John P. Bonin** (B.A. '66) is a professor of economics at Wesleyan University, Middletown, CT. John writes that he likes to keep in touch with the department through the Newsletter. His areas of specialization are in Soviet economics, mathematical economics, and applied microeconomic theory. While rising through the ranks at Wesleyan, John has had an interesting and varied career as a visiting lecturer, research fellow, and professor at universities such as the University of California at San Diego, University of British Columbia, University of London, University of Washington at Seattle, Yale School of Organization and Management, and the Institution of Management, Berlin. He has been editor of the *Journal of Comparative Economics* since 1966, is the author of many publications, and is very active professionally; in fact, his résumé would just about equal the Newsletter in length. Congratulations, John, and thank you for letting us know how much you enjoy hearing about the place where it all began! Since you haven't been here for a long time, you might not recognize the campus. You may rest assured that Carney wouldn't present a problem, though, as Carney has changed only in age.

## **BC Econ on the Web**

Have you visited our department's Web home page recently? The "Spotlight" button contains links to events of interest in the department, and pictures of social happenings. So stop by and check it out!

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

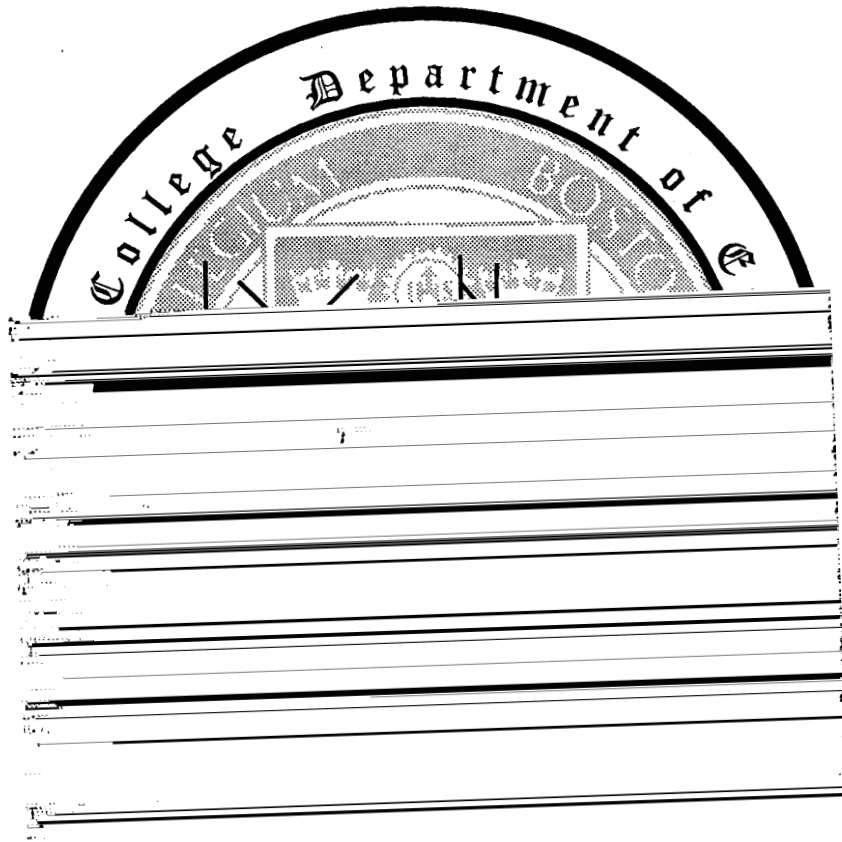
*The department website was produced in a Windows-free environment from 100% recycled electrons.*

**Think Different!**

## *department gains powerful computing facility*

Last fall, the department requested major funding from the University for a UNIX computer system that would satisfy the current and projected needs of faculty and Ph.D. students performing empirical research. Approval of that request led to the installation of the new system, **econ.bc.edu**, in February 2000. The system is a four-processor Sun Enterprise Server 450, with a gigabyte of RAM and 45 gigabytes of disk storage, readily expandable to 3-4 Gb RAM as demand warrants. The system cabinet, which currently houses five disk drives, can accommodate up to 20 1i2aEDarryrésuS19

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