

Bentley MacLeod Joins Senior Faculty

Kristin Butcher Strengthens Labor/Development Field

The Economics Department's introduction of graduate coursework in development economics, drawing upon the cognate fields of labor, industrial organization and monetary economics, will be further strengthened by the addition of Prof. **Kristin Butcher** to the faculty this fall. Butcher, a 1993 PhD from Princeton, comes to us from VPI, where she has taught since 1992 at both undergraduate and graduate levels. She also received a M.Sc. in Economics from London School of Economics in 1987, doing her undergraduate degree in economics at Wellesley College. Her work at Princeton was under the supervision of David Card, Anne Case and Angus Deaton, and led to joint papers with Case in *Q.J.E.* ("The effect of sibling sex composition on women's educational attainment and earnings") and with Card in the *A.E.R. Papers and Proceedings*. Her research interests include labor economics, development economics, and applied microeconometrics. Butcher will work with Profs. Doug Marcouiller, Jim Anderson, Chris Canavan and Don Cox in designing a full two-semester PhD sequence in development economics and strengthening undergraduate offerings in this field. Despite the sizable foreign contingent in our graduate population, we have not offered graduate coursework in this field in recent memory, depending on the consortium arrangement with B.U., Brandeis and Tufts to provide courses. With several faculty having interest and expertise in this field and the fusion of development economics as a field with several established fields, the time is ripe for development to be added to our elective fields. Offerings will commence in Fall 1995, with a one-semester course in economic development team-taught by Profs. Marcouiller and Anderson. A full sequence should be in place for the 1996-97 academic year.

Continued, p.3

Changing of the Guard

Last year's BC•EC indicated that the post of department chair was open. Seasoned veteran Dick Tresch was unable to resist another tour of duty; although he protested that his Principles text was already in need of revision following the Republican takeover of Congress, he was unable to resist Joe Quinn's persuasive powers, and took over the chair from Joe in January 1995. Joe, meanwhile, has moved up (literally, to the palatial fifth floor of McGuinn Hall) to the newly created post of Faculty Representative to the NCAA, and chairs the Athletic Advisory Board, working closely with Fr. Monan and athletic czar Chet Gladchuk to ensure that BC's student-athletes live up to that title. A recent *New York Times* story on graduation rates of student-athletes and the general undergraduate population mentioned BC favorably in two categories. Although it is too soon to attribute any of this success to Joe's efforts, we are certain that his work along these lines will bring the same good judgment to BC's athletic efforts as was evident in his six years in the chair.

Meanwhile, on the second floor, Kit Baum relinquished direction of the graduate program to another veteran—Marvin Kraus—in June 1995. Kit spent five years in the role, during which time many of the graduate program's functions were computerized, permitting administrative secretary Mary Foley to better handle an increasing flow of PhD applicants (and in recent

Continued, next column

Spolaore...from page 2

This column also reported that **Enrico Spolaore**, visiting the department in 1993-94, had left for Brussels. The lure of the Boston area has apparently overwhelmed the lack of good local chocolate (and Belgian beer!), and Enrico will be returning for another visiting stint in 1995-96. This is very welcome news to us all, especially to several PhD students who found his research interests very much in line with theirs. We are very pleased to welcome Enrico back to the Heights.

years, a larger number of graduates as well!) Marvin coordinated the efforts of several ad hoc committees concerned with graduate program revisions, and is thus the logical candidate to oversee transition of the program to the new curriculum in 1996-1997. One change in the job description: at Marvin's request, the aspects of the job relating to print and electronic publications (including this newsletter) have been placed in the technology portfolio, and will continue to be supervised by Baum.

Cheney Scholarships Awarded

Last fall, the Department announced that David Casanova and Ellen Dorsey had been awarded Cheney scholarships to help cover expenses for their senior year. That they were both students in the College of Arts and Sciences and that both were members of the Department's honors program was not surprising. That they both chose to write theses under the direction of Don Cox is! Don had a busy year! David, who was also a member of the College Honors Program, wrote a thesis entitled "The Effects of Expected Future Pension Benefits on the Saving Decisions of Households." Ellen's thesis was "The Decline in Economics Majors at BC"; as a result of her thesis work, Ellen became somewhat of an expert in survey design.



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your activities and accomplishments—or what you'd like
to see in the newsletter—for the next issue!

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Carney Hall Renovation Plans Unveiled

After many years of indecision, the University administration revealed plans for the complete renovation of Carney Hall before the turn of the century. An architectural analysis of the 45-year-old building led planners to propose a course of action for the redevelopment of this section of Middle Campus which would entail the demolition and replacement of McElroy Commons and substantial changes to Carney Hall. The proposals, complete with architect's renderings of the area, include the construction of three new buildings—one on the site of McElroy, and two extending along College Road towards Lyons Hall. Two of these buildings would be used to house many of the faculty and staff now crammed into Carney offices. Under the current scheme, the departments of economics, history and mathematics would be tenants in a renewed Carney, along with some elements of Information Technology. This plan entails removing all Carney occupants in May 1997, with completion of renovations in time for September, 1999 occupation. (If this schedule can be adhered to, it will—barely!—prove wrong those doubters who claim the millenium will be upon us before our space needs are met). These plans are welcome news indeed to economics faculty, staff and student populations. Last year's External Review Committee judged space needs to be the one aspect of University support for the economics department which was clearly found wanting, and at that time lacking a concrete plan for relief. Although there are many hurdles before these construction plans can be acted upon and our space needs addressed, these plans for action are indicative of University concern about the clearly inadequate facilities provided to our department and a number of other academic units. We hope to soon have facilities on a par with our colleagues in the Carroll School of Management, who moved into the extensively renovated and enlarged Fulton Hall this last January.

Technology Improvements Underway; BC • EC on the World Wide Web

A University-wide project to update desktop workstations kicked off in Carney Hall this last February, when six departments (including Economics) received more than 50 new workstations for faculty and staff. The new desktop system for most faculty and staff is now the Macintosh Quadra 630, well-equipped with RAM, a large hard disk and that essential CD-ROM player for grooving to the tunes—oops, we meant performing keyword searches on the *Journal of Economic Literature*, CD-ROM edition. Each workstation is directly connected to the Internet via a built-in Ethernet port. A few faculty with “special needs” received more powerful Power Macintosh systems.

The advent of these new systems—14 for economics—allowed many of the existing faculty workstations to be “recycled” for graduate student and part-time faculty use. Shared systems in graduate student spaces are now more capable systems, enhancing teaching fellows' and research assistants' work. Moving beyond the desktop, two technology developments are worthy of note. In mid-1994, an IBM RS/6000 UNIX workstation released by the chemistry department became available for economics and mathematics departments' use. Since that time, the system—which is co-managed by Math Prof. Richard Jenson and Kit Baum—has been equipped with a number of useful packages unavailable elsewhere, including the Stata statistical package, GAUSS, and the GAMS modelling language. It also supports Mathematica “remote kernel” usage and the RATS econometrics language. The machine is accessible via telnet from any on-campus workstation, or via dialup, and has been receiving heavy use, especially by Stata and GAUSS users. A request for its upgrade to a newer model has been submitted, and has received the support of the academic administration. Economics has also been in the front line of BC academic departments' development of World Wide Web (WWW) materials. At press time, we are in the process of installing a new, more powerful Web server to be shared by Economics and other Carney departments. By late September you should be able

Continued, p.5

Jim Anderson's "Domestic Distortions and International Trade," coauthored with Peter Neary, was published in the *International Economic Review*, February 1995, 36: 139-158. "Tariff Index Theory" will be forthcoming in the *Review of International Economics*. Jim presented several papers this year: "Effective Protection Redux," Recent Developments in International Economics, at the European Economic Association in Prague, September 1995; "Trade Restrictiveness Benchmarks", at the ADRES/GREQAM in June 1995; and "Effective Protection Redux" Midwest International Economics Conference, October 1994. Jim has been appointed to the Board of Editors for the *American Economic Review*, serving from 1995-98. He continues to serve on the Board of Editors for the *Journal of International Economics*, his appointment spanning the years 1994-1997.

Richard Arnott's publications include: "The Welfare Effects of Congestion Tolls with Heterogeneous Commuters," with André de Palma and Robin Lindsey, *Journal of Transport Economics and Policy*, 139-161, 1994; "Information and Economic Efficiency," with Bruce Greenwald and Joseph Stiglitz, *Information Economics and Policy* 6:77-88, 1994; "Reflections on Optimal Tax Theory," in *Modern Public Finance: The Break-Musgrave-Peckman Tradition*, J. Quigley and E. Smolensky, eds., Cambridge: Harvard University Press, 257-81, 304, 1994; "The Economics of Traffic Congestion," with Kenneth Small, *American Scientist* 82:446-455, 1994; "The Chicago Prototype Housing Market Model with Tenure Choice," with Alex Anas, *Journal of Housing Research* 5:23-90 1994; "Time for Revisionism on Rent Control?," *Journal of Economic Perspectives* 9, 99-120, 1995. This article was cited in "Surely not rent controls?," an Economics Focus feature published in *The Economist*, April 8, 1995. Richard's presentations included "Alleviating Traffic Congestion: Alternatives to Road Pricing," Taxation, Resources, and Economic

Development (TRED) Conference on "Alternative Strategies for Managing Externalities," Lincoln Institute of Land Policy, Cambridge, MA, September 1994; "The Chicago Prototype Housing Market Model with Tenure Choice," with Alex Anas, AEA/AREUEA Annual Meetings, Washington, D.C., January 1995; "Self-Financing of Congestible Facilities in a Dynamic Environment," with Marvin Kraus, Topics in Public Economics Conference, Tel-Aviv, Israel, January 1995. Richard spent May-June 1994 in Marseille at GREQAM and June-July 1994 at the University of Munich as a Visiting Professor.

Kit Baum and Olin Liu (Ph.D. '94) presented joint work, "An Alternative Strategy for Estimation of a Nonlinear Model of the Term Structure of Interest Rates," to the European Meetings of the Econometric Society in Maastricht last August. A revised version was presented at the October 1994 Meetings of the Financial Management Association, St. Louis and the 1995 Winter Meetings of the Econometric Society, Washington, DC, in January. Kit also participated in the international conference on financial constraints organized by Fabio Schiantarelli in Bergamo, Italy in October. Last May, Kit and Basma Bekdache (Ph.D. '95) presented "Modeling Returns on the Term Structure of Treasury Interest Rates" at the First International Conference of the Society for Computational Economics at University of Texas-Austin; this paper is under consideration for a conference volume. His joint paper with John Barkoulas (Ph.D. '95), "Risk Premia in the Foreign Currency Futures Basis," was also presented at the St. Louis FMA Meetings. He is serving on the Program Committee for the next conference of the Society for Computational Economics.

Kit also played a major role in planning and expediting the technology overhaul that took place last February. He has been involved with acquainting colleagues with the Internet and

Continued, p.7

ence Association, Washington, DC, in January; he presented a paper, joint with Robert Moffitt, at the Economics Workshop at Yale University in February 1995; he was a discussant at a Conference on "The Impact of Growing Up Poor," in March and at the Institute for Research on Poverty Small Grants Workshop in May, both held in Washington, DC. Also in May in Washington, he lectured at the Luxembourg Income Study workshop at the Bureau of Labor Statistics.

Bruce Hansen authored "Asymptotic Theory for the GARCH (1,1) Quasi-Maximum Likelihood Estimator," with Sang-Won Lee, published in *Econometric Theory*, 10:29-52, 1994 and "Autogressive Conditional Density Estimation," published in *International Economic Review*, 35:705-730, 1994. "Regression with Non-stationary Volatility" is forthcoming in *Econometrica*. Bruce received two grant awards in the past year: the Alfred P. Sloan Foundation Research Fellowship and a National Science Foundation Grant, "Testing for Unit Roots and Cointegration Using Covariates." Bruce gave seminars at Harvard University in October 1994 and at the University of Virginia in March 1995.

Marvin Kraus has written "Financing Capacity in the Bottleneck Model," with Richard Arnott, which has been accepted for publication in the *Journal of Urban Economics*. An earlier paper of Marvin's which appeared in the same journal, "Scale Economies Analysis for Urban Highway Networks," is one of the forty-one papers that make up *The Economics of Transport*, Edward Elgar, 1994, a two-volume set of transportation classics edited by Herbert Mohring.

Faculty News... from p.8

tion Economics Test. We've saved the best till last: Bob has been appointed a Senior Economist on the President's Council of Economic Advisers and has left the academic milieu at Boston College to spend a year in the bureaucrat ambience of Washington (unless Newt and friends succeed in zeroing out the CEA budget).

Joe Peek's "*The Capital Crunch: Neither a Borrower Nor a Lender Be*," with Eric Rosengren, has a publishing date of August 1995 in the *Journal of Money, Credit, and Banking*. "*Bank Real Estate Lending and the New England Capital Crunch*," with Eric Rosengren, appeared in the Spring 1994 *Journal of the American Real Estate and Urban Economics Association*, 22:1. "Bank Regulatory Agreements in New England," with Eric Rosengren, is forthcoming in *New England Economic Review*.

Joe Quinn's review of *The Future of Pensions in the United States*, edited by Ray Schmitt, appeared in the *Industrial and Labor Relations Review*, April 1995. Forthcoming in 1995 is "Towards Pro-Work Policies and Programs for Older Americans," with Scott Bass and Richard Burkhauser, in *Active and Aging: dimensions of Productive Engagement Among Older Americans*, Scott Bass, editor, New Haven: Yale University Press. Joe visited Ann Arbor in May 1995 to present "The Roles of Part-time Work and Self-employment in the Retirement Transition: A Preliminary View from The Health and Retirement Survey" at the HRS Early Results Workshop. He was a participant at the NCAA Annual Conference held in San Diego in January 1995. Joe continues as co-chair of the Technical Panel on Trends and Issues in Retirement Savings for the Social Security Advisory Council for 1994-1995. He is NCAA Faculty Athletics Representative at Boston College, and Chair of the Boston College Athletics Advisory Board, 1994-present. He is a member of the Editorial Board, *The Review of Income and Wealth*, 1992-present and a member of the Governor's Coun-

Job Market Fluctuations

This year's job candidates encountered a slowdown in the market place, but there were some jobs out there. *Michael Salve* had a strong preference for nonacademic positions and was fortunate when he found a match with Christensen Associates in Madison, Wisconsin. Michael left BC in mid-June to assume his duties. *Gulcan Unal* completed her work at BC last September and left immediately for Turkey to begin a tenure-track position at Middle East Technical University in Ankara. *José Hernandez-Garcia* has a tenure-track assistant professorship in the Department of Economics at Zaragoza University in Spain as well as a position in Zaragoza with an extension of the B.U. Business School. *Meral Karasulu*, who defended in July, has accepted a tenure-track assistant professorship in the Department of Economics at Bosphorus University in Istanbul. *Dave Richardson* has been offered another one-year appointment at Davidson, while *Jim Monks* has received a one-to-possibly-three-year appointment at Mount Holyoke College. *Van Newby* has received a one, possibly two, year visiting appointment to the faculty at University College, Cork. He and his family are looking forward to experiencing life in Ireland.

cil on Economic Growth and Technology, 1991-present.

Fabio Schiantarelli, with Marzio Galeotti, Università di Bergamo, and Marco Pagano, Università Bocconi and CEPR, organized a conference on International Perspectives on the Macroeconomic and Microeconomic Implications of Financing Constraints, held in Bergamo, Italy, from October 6-8, 1994. Fabio presented "A Switching Regression Approach to Investment and Financing Constraints: Panel Data Evidence for the U.S.," with *Xiaoqiang Hu*, Claremont McKenna College (Ph.D. '94). Joining Fabio at the conference were *Kit Baum*, session chair; *Don Cox* and *Steven Cecchetti*, Boston College and NBER, discussants; and *Tullio Jappelli* (BC Ph.D. 1988), presenter. Fabio will be doing some commuting to the DC area this fall, as his wife *Lisa Lynch* will be taking over the Chief Economist's position with the US Department of Labor.

Stork Market Soars

Who knows whether the Dow Jones is up or down. Something has been happening in economics, and we're not talking Keynes. What could it be? Could it be contagious? Could it be floating through the air? No, none of the above. The stork has established residence! Chong-en Bai and his wife Hua Yang have become the proud parents of Eric, born on June 16, 1995. Chris Canavan and his wife Kim welcomed a daughter Zoe to their family on June 25. Zoe joins her brother Nicholas at home. Still to come in August is a baby girl for Fabio Schiantarelli and his wife Lisa Lynch, and November is the month for a baby boy to arrive at Jean Feinschreiber's and her husband Steven's house (we're clairvoyant).

News from present and past graduate students indicate that the soaring market continues to spread beyond the walls of Carney. We received Christmas greetings from Rachel Ward Plaksa and her husband J.P. letting us know that they had become the proud parents of a son, Benjamin. Elizabeth Dorothy Nigro was born October 8 to Mary Joyce (Ph.D. '93) and P.J. Nigro (Ph.D. '93). Mark Klock (Ph.D. '84) and Pam Megna (M.A. '83) became the parents of Ethan Brian and Justin James on October 19. Cigdem Kogar (M.A. '95) gave birth to a baby girl in November. David and Kristen Richardson and daughter Macon, welcomed Jacob Evans Richardson on January 26. Michael Ozog (Ph.D. '91) and wife Amy had a new baby boy, Gus, on July 5. Karen Palmer (Ph.D. '90) and her husband Phil were expecting in June, but we haven't received the details as we go to press. Kathy Lang (Ph.D. candidate) and her husband are expecting a Christmas bundle of joy. Jim (Ph.D. '95) and Karin Monks are expecting a baby in January. Jim hid this fact from us for quite a while, but the news lends itself to our theory of rampant contagion in the first-floor inner hallway of the department.



Alumni News Notes

We regret to inform you of the death in March of *Rev. Michael J. Lavelle, S.J., Ph.D. 1966*. Father Lavelle was also a graduate of Loyola University, Chicago, and the Harvard Institute for Educational Management. In 1968 he was ordained a priest, and in 1969 he began his career as an economics professor at John Carroll University in Cleveland, Ohio. He left John Carroll in 1977 to become provincial for the Detroit Jesuits, 350 in all. He followed this by returning to John Carroll as academic vice president in 1984, and in 1988 was appointed president.

Serhan Ciftcioglu (Ph.D. '89) has been appointed the Chair of the Department of Business and Economics at Eastern Mediterranean University, located on Turkish Cyprus. *Eugene Coyle* (Ph.D. '69) has appeared before the California Public Utility Commission in San Francisco as an expert witness, and in Sacramento before a full-panel hearing on Electric Industry Restructuring. During 1994 he spoke at the Los Angeles City Council; the Infocast Conference in San Francisco; the Cross Border Conference at Carmel; the DSM/Low Income Advocates Conference in Phoenix; the Independent Energy Producers

interesting careers, with Mary becoming the first female mayor of Bangor, and then on to the State House of Representatives. *Clifford Thies* (Ph.D. '82), who holds the Durrell Chair at Shenandoah University, informed us of two journal articles: "Bank Capital and Bank Failure, 1921-1932: Testing the White Hypothesis," *Journal of Economic History*, 908-14, December 1993; and "Testing the Stulz Overinvestment Hypothesis," with *Mark Klock* (Ph.D. '83) *Financial Review*. He has written an introductory chapter for *Money and Banking: The American Experience*, Durrell Institute, 1995. He has written magazine articles "Bring Back the Bridewell," *World & I*, forthcoming September 1995; "the U.S. Trade Deficit with Japan," *St. Croix Review*, 30-35, June 1995; "Balancing the Budget and Stabilizing Prices," *Durrell Journal of Money and Banking*, forthcoming. Cliff chaired a panel on Free Trade and Monetary Union at Cato Institute's 13th Annual Monetary Conference, May 25, 1995. He presented "Flat Tax: Pro" at the Ripon Society's annual meeting, March 1995 and "Where We Are in the Global Economy" at the Winchester, VA chapter of National Association of Purchasing Managers, May 23, 1995.

Swamped with Seminars!

Competition remained strong to attract an audience to the many seminars offered this year, but a sense of sanity and calm prevailed as the opposing forces armed their camps with a strong field of participants. The micro group invited Brigitte Madrian, Harvard University; Robert Rosenthal, Boston University; Michael Murray, Bates College; Preston McAfee, University of Texas at Austin, visiting M.I.T.; John Leahy, Harvard University; Alberto Bisin, M.I.T.; Rebecca Henderson, Sloan School; Mariano Tommasi, UCLA; Edwin Lai, Vanderbilt University; and Gary Biglaiser, University of North Carolina.

Lining up on the macro side were: Jim Stock, Kennedy School of Government; Steve Cecchetti, BC and NBER; Andrea Gavosto, Bank of Italy and NBER; Ricardo Faini, University of Brescia and CEPR; Steve Parente, Northeastern University; Orazio Attanasio, Stanford University; Jonathan Eaton, Boston University; Shang-Jin Wei, Kennedy School of Government; Michael Klein, Fletcher School and NBER; Patrick Asea, UCLA; and Alberto Alesina and Roberto Perotti, Harvard and Columbia Universities.

Econometrics sallied forth with: Doug Holtz-Eakin, Syracuse University; Douglas Staiger, Kennedy School of Government; Fabio Canova, Pompeu Fabra; Serena Ng, University of Montreal; Ishaq Nadira and Theofanis Mamuneas, NYU; and Louis Maccini, Johns Hopkins.

Sandwiched among the contenders was the Brown Bag Seminar, fielding: Jim Anderson, Peter Gottschalk, Chris