

# THE BOSTON COLLEGE ECONOMICS DEPARTMENT NEWSLETTER

October 2005  
Vol. 28



## Arthur Lewbel awarded Roche endowed chair



Professor Arthur Lewbel has been appointed to the department's second endowed chair: the Roche Chair in Economics. The chair was established by Patrick Roche (BC'51, Hon.'2001), who developed a family-owned grocery business

into one of the most successful supermarket chains in the region: Roche Brothers Supermarkets. Roche attributes much of his success to the training he received as a Boston College undergraduate in the College of Business Administration (now Carroll School of Management), majoring in accounting with a secondary concentration in economics.

Interviewed by the *Boston College Chronicle*, Lewbel said that the establishment of the Roche Chair "...shows how well the department and Boston College in general are doing. I've been here since 1998, and just how much the department and the University have improved in that time is great to see. It's great to be part of that."

Arthur Lewbel joined the Boston College faculty as a Professor in 1998. He earned the Ph.D. from Massachusetts Institute of Technology in 1984 and served as a professor at Brandeis University for several years, as well as a visiting professor at MIT's Sloan School of Management and Boston

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## Susanto Basu, Tayfun Sönmez join faculty

Last year's faculty recruitment season led to two prestigious senior hires: Professor Susanto Basu and Professor Tayfun Sönmez. Both joined the department faculty this summer.

Susanto Basu, a macroeconomic theorist, received his PhD from Harvard University in 1992 following his undergraduate degree at that institution. Basu most recently served as a Professor of Economics at The University of Michigan-Ann Arbor. He joined Michigan in 1992, was promoted to Associate Professor in 1998 and Professor in 2003. He has also been a Visiting Professor at Harvard's Economics Department in 1997-98 and 2002-03. He is a Research Associate at the National Bureau of Economic Research and, during 2002-04, a Visiting Scholar at the Federal Reserve Bank of Boston.

Prof. Basu has published notable works in the field of technological change, aggregate productivity, and business cycles. His most recent paper, "Are Technology Improvements Contractionary?", coauthored with M.S. Kimball and J.G. Fernald, is forthcoming in the *American Economic Review*. His works have also appeared in the *European Economic Review*, *QJE*, *JPE*, *JME*, *AER* and *JMCB*. He is teaching Macroeconomic Theory in the first year PhD program and serving as co-supervisor of the Dissertation Seminar this fall.

Tayfun Sönmez, a microeconomic theorist, received his PhD from the University of Rochester in 1995. He also holds a M.A. from Rochester and

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## **NSF Discoveries features Sönmez' work on transplants**



The U.S. National Science Foundation's website feature "Discoveries" of 5 October 2005 highlights "Kidney Exchange: A Life-Saving Application of Matching Theory" with the subtitle "Economists help build a kidney exchange system that saves lives." The detailed web article highlights the work of new BC faculty member Tayfun Sönmez: "This year, more than 60,000 people in the United States will need a kidney transplant. Of that number, roughly 15,000 will receive transplants from either cadavers or living donors. But for those who aren't so lucky, the prospects have gotten better thanks to a kidney exchange system developed by Harvard economist Alvin Roth, Tayfun Sönmez of Boston College and Utku Ünver of University of Pittsburgh." The article goes on to describe how the use of matching theory is expected to bring great benefits to those needing transplants. To quote: "The principal investigators present simulation results suggesting that the welfare gains from large-scale exchange would be substantial—both in increased numbers of feasible live donation transplants, and in the improved match quality of transplanted kidneys." The team's collaborative research has been supported by NSF since 1995. More details are available at the NSF web site.

Interestingly, the system is based on earlier work related to assigning college students to dormitory rooms! Now if it could only be applied to main campus parking...

*Basu and Sönmez, from p. 1*

a B.S. in Electrical Engineering from Bilkent University in Ankara. Since 2000, he has served as an Associate Professor of Economics at Koç University in Istanbul. Sönmez also has experience in Ann Arbor, having served as an Assistant Professor at Michigan in 1995-1999, moving to Koç at that time. During the 2004-2005 academic year he was on leave from Koç as a Research Fellow of Harvard Business School.

Sönmez' work has largely been in game theory and mechanism design, with the theoretical constructs leading to highly relevant and practical public policy choices. His two most recent papers in the *American Economic Review Papers and Proceedings*, joint with several coauthors, deal respectively with "The Boston Public School Match" and "A Kidney Exchange Clearinghouse for New England." See the feature article on the latter elsewhere in this issue. His work on school-pupil matching mechanisms has influenced the New York City Board of Education's matching scheme. Other published papers have appeared in *Journal of Economic Theory*, *Economic Theory*, *Econometrica*, *QJE*, *AER* and *Social Choice and Welfare*. He was elected a Fellow of the Econometric Society in 2003. Sönmez is teaching an undergraduate elective in Game Theory this fall and co-teaching Advanced Micro Theory with Prof. Hideo Konishi next spring.

### **Istvan Konya departs**

Assistant Prof. Istvan Konya has resigned to take a position at Magyar Nemzeti Bank (the Hungarian Central Bank) in Budapest. We wish him and his family well.



is a publication of the Boston College  
Department of Economics, Boston College,  
Chestnut Hill, MA 02467-3806 USA. You  
may reach the department by telephone at +1-  
617-552-3670, or by telefax at +1-617-552-2308, or by  
electronic mail at [econ@econ.bc.edu](mailto:econ@econ.bc.edu).

*Published continuously since May, 1978*

*Edited by Kit Baum*

*Produced with Adobe PageMaker 7.0, GraphicConverter 4.8  
and Canon PowerShot S50 on Apple Computer's PowerBook  
G4 systems in a Windows-free environment. Think Different!*

## Hideo Konishi promoted, Luisa Lambertini tenured

On March 17, University President William P. Leahy, S.J. announced the promotion of 29 University faculty members. Those promoted included Hideo Konishi, promoted to Professor, and Assoc. Prof. Luisa Lambertini, who has been granted tenure.

Professor Konishi, a specialist in game theory, joined the Boston College faculty as an Associate Professor in 1999. He earned his Ph.D. from the University of Rochester in 1994 after receiving Master's and Bachelor's degrees from the Universities of Osaka and Kyoto. Before joining BC, Konishi had served as an assistant and associate professor at Southern Methodist University. His publications include an impressive number of papers in *Journal of Economic Theory*, *Public Choice*, *Journal of Urban Economics*, *Journal of Public Economics*, *Journal of International Economics* and *Social Choice and Welfare*. He is actively involved with Ph.D. supervision, having served on five BC dissertation committees, and plays an important role in the graduate admissions process.

Assoc. Prof. Lambertini specializes in open economy macroeconomics and political economy. A 1995 California-Berkeley Ph.D., she joined the department in 2003 after several years at UCLA, including visiting positions at Princeton and Stockholm. Her publications are to be found in *American Economic Review*, *Review of Economic Studies*, *European Economic Review* and *Economic Journal*.

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## BC student team places third in College Fed Challenge

In the Second District College Fed Challenge--a competition held November 10, 2004 at the New York Federal Reserve Bank--a Boston College team of five undergraduates: Mark Irvine, Matt List, Barry Mills, Greg Wiles, and Anna Zervou won third place and a monetary prize. The BC squad advanced to the final round of four, bettering teams from 17 other universities, including Barnard-Columbia, NYU Stern School, and Cornell. The second district competition was won by a team from Rutgers University. The BC Fed Challenge team was advised by Assistant Prof. Fabio Ghironi and Associate Professor Robert Murphy.

The College Fed Challenge is intended to help students become more knowledgeable about the Fed and

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## NINE PH.D.'S AWARDED IN UNIVERSITY COMMENCEMENT

The 129th Commencement Exercises of Boston College were held on Monday, 23 May 2005, on the Chestnut Hill campus. Nine economics students were awarded the Ph.D., having completed all requirements for the degree since the 2004 commencement.

The latest members of BC Economics' community of scholars (and their advisors) include: Yuanyuan Chen, "Two essays on selection models and one essay on income inequality in rural China" (Peter Gottschalk); Zhihong Chen, "Three essays in applied econometrics" (Arthur Lewbel); Boryana Dimitrova, "Two essays on habit formation in labor supply and one essay on long-term care insurance and Medicare" (Peter Gottschalk); Kelly Haverstick, "Gender differences in the effect of welfare on children in poverty" (Peter Gottschalk); Mariano Kulish, "Money, interest rates and monetary policy" (Peter Ireland); Petronilla Nicoletti, "Sovereign debt and loss aversion" (Fabio Ghironi); Petia Petrova, "Three essays on the applied microeconomics of households" (Donald Cox); Sabina Pogorelec, "Fiscal and monetary policy in the European Union" (Peter Ireland); and Francesco Zanetti, "Non-Walrasian labor markets, business cycles, monetary and fiscal policies" (Peter Ireland).

In addition, masters' degrees were conferred on Yingying Dong, Bertholet Fils-Aimè, Massimo Giovannini, Joachim Goeschel, Natalia Jivan, Maria Teresa Punzi, Margarita Rubio, Margarita Sapozhnikov, Hugo Sellert, Elizaveta Shevyakhova, Olga Sorokina, Viktors Stebunovs, Hi-Lin Tan, Baris Yorük, and Qi Yu. Our congratulations to all!

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*Arthur Lewbel.. from p. 1*

University. He serves on a number of editorial boards and has received several grants supporting his research from the National Science Foundation. He was honored by the prestigious Econometric Society in December 2003, being named a Fellow of that international organization. Lewbel received the Distinguished Research Award from Boston College in May 2004; the only other economics recipient was Neenan Professor James Anderson in 1999.



the decision-making process of the Federal Open Market Committee, the Federal Reserve's monetary policy-setting group. It is intended to promote greater understanding of the Federal Reserve's role in developing and implementing monetary policy; greater interest in economics and finance as a subject for advanced study and as the basis for a career; research, presentation, critical thinking, and cooperation skills; and a closer relationship between colleges and the Federal Reserve System.

Teams consist of three to five undergraduates from the same college or university. A team's participation involves two parts: a 20-minute presentation and a 15-minute Q&A session led by a panel of judges (usually economics professionals, college faculty and/or Fed officials). Presentations include a discussion of current economic and financial conditions; a near-term forecast of economic and financial conditions that affect monetary policy; identification of risks that threaten the economic well-being of the country; and a recommendation as to the action the Fed should take with regard to short-term interest rates.

During the Q&A session, judges may ask questions about arguments made or data addressed in the team's presentation; how policy-makers might respond to hypothetical economic scenarios; and the Fed's monetary policy-making and implementation process.



### **Grad Student paper cited in *Forbes***

A research paper by economics Ph.D. candidate Amrita Bhattacharyya, entitled "Advertising in Specialized Markets: Example from the US Pharmaceutical Industry", was cited in the April 18, 2005 issue of *Forbes* magazine under the heading "Good News for Medical Journals." The *Forbes* piece by

Tatiana Serafin states "With the U.S. one of only two countries permitting general advertising of prescription drugs to consumers, a new academic paper says that pharmaceutical firms still benefit greatly from the traditional method of marketing directly to physicians." The paper has been accessible for several months as BC EC Working Paper No. 610. Bhattacharyya, a fifth-year student in the department's doctoral program, is specializing in applied econometrics, industrial organization and health economics.

## **Grads successful in job market**

Zhihong Chen has taken a position as assistant professor at University of International Business and Economics in Beijing. She primarily will be teaching econometrics.

Kolver Hernandez is now assistant professor at the University of Delaware. He will be teaching International Monetary Macro at the grad level and Money and Banking to undergrads.

Mariano Kulish accepted an offer at the Reserve Bank of Australia. He and his family are quite excited about the move. Yes, they're changing time zones but are returning to more familiar seasonal patterns.

Asli Leblebicioglu is moving to the ACC with B.C. She has accepted a position as an assistant professor at North Carolina State. She will be teaching at least one grad macro course.

Rasim Ozcan landed a two-year renewable lectureship at the Dept of Economics at Northwestern University.

Kameliia Petrova is working for the Research Services unit of BC I/T this year.

Petia Petrova is an economist at the Workers Compensation Research Institute in Cambridge. Her primary responsibility will be participating in research in health economics.

Sabina Pogorelec owns the distinction of being the first out of this year's market, last November no less! She accepted a preemptive offer from the Monetary Policy Strategy Division at the European Central Bank.

Andrew Samuel has refuted the old saying that you can't go home again. He has accepted a tenure-track offer to be an assistant professor at his alma mater, Calvin College in Michigan.

Bedri Tas has been offered an assistant professorship at a brand new university (TOBB: Economics and Technology University) in Ankara.

Paola Zerilli is a Lecturer in Finance at University of York in sunny England. This is equivalent to an assistant professor in the U.S. She will be teaching Financial Econometrics at the graduate level and will be helping Ph.D. students with their dissertations in Finance.

**Ingela Alger's** news: "The paper "Screening Ethics when Honest Agents Care about Fairness" (joint with Régis Renault) is forthcoming in the *International Economic Review*. I presented this paper at the Fall 2004 Midwest Economic Theory and Trade Conference in St Louis and I will present the same paper at the Conference in Tribute to Jean-Jacques Laffont. I had a two-week visiting position at the Université de Cergy-Pontoise, and I was invited to spend one week this fall at the economics department at the Stockholm School of Economics.'

**Jim Anderson's** recent work includes "Private Enforcement and Social Efficiency" with Oriana Bandiera (PhD'2000), *Journal of Development Economics*, 2005, 77:341-66. His paper "From Wild West to the Godfather: Enforcement Market Structure" is available as NBER WP No. 8469. Jim coauthored the survey article "Trade Costs" with Eric van Wincoop, *Journal of Economic Literature*, 2004, 42: 691-751. He and Douglas Marcouiller published "Anarchy and Autarky: Endogenous Predation as a Barrier to Trade," *International Economic Review*, 2005, 46:189-213. Jim's review of "Trade and Informal Institutions" appears in *Handbook of International Trade: Economic and Legal Analysis of Laws and Institutions*, James Hartigan, ed., Oxford: Basil Blackwell, 2004. Peter Neary and Jim's forthcoming book, *Measuring the Restrictiveness of International Trade Policy*, will be published by MIT Press this December. He and Neary also have authored "Welfare vs. Market Access: Implications of Tariff Structure for Tariff Reform", forthcoming in *Journal of International Economics*.

Jim's recent presentations include "Welfare vs. Market Access" presented at NBER Palo Alto meeting, Dec. 2004 and Econometric Society World Congress, London, Aug. 2005 and "Regional Integration and the Civilizing Commerce Hypothesis" presented at the Sequencing and Regional Economic Integration Conference, Notre Dame University, September, 2005. He also presented seminars at Maryland, Illinois, Dartmouth, Co-

lumbia, IMF and Penn State.

Richard Arnott is back in the trenches after his sabbatical leave. The highlights of his leave were finally publishing a book, after many aborted attempts, and escaping the New England winter for the New Zealand summer. His current research focuses on the economics of downtown parking.

**Kit Baum** spent most of his fall 2004 sabbatical leave in Boston, working to produce a first draft of his book *Stata for Applied Microeconomics*. He has been working since then on the English translation, and hopes that the book will appear in Stata Press' booklist in early 2006. He travelled to the Money, Macro and Finance conference at Cass Business School in London last September, presenting "Re-examining the Transmission of Monetary Policy: What More Do a Million Observations Have to Say" coauthored with Mustafa Caglayan (PhD'1997) and Neslihan Ozkan (PhD'1998). Once again Kit spent spring break in the English Midlands for his collaborative efforts with Mustafa. Caglayan and Baum received a travel grant from the British Academy for their collaborative work on "The effects of exchange rate movements on international trade flows: A bivariate GARCH approach".

Baum travelled to London in mid-May to present an invited lecture "A Little Bit of Stata Programming Goes a Long Way" at the 11th UK Stata Users Group Conference. After a non-academic interlude in Venezia, he presented "The Impact of Macroeconomic Uncertainty on Cash Holdings for Non-Financial Firms" (coauthored with Caglayan, Ozkan and Sasha Talavera (MA'2003)) at the Research Department of the Deutsches Bundesbank, Frankfurt am Main, before traveling to Frankfurt an der Oder to participate in Sasha's dissertation defense. He returned to Berlin to participate as a discussant in the DIW-Journal of Financial Intermediation-Federal Reserve Bank of Philadelphia conference on "Bank Relationships, Credit Extension, and the Macroeconomy". Others attending the conference included Peter Nigro (now a faculty member at Bryant University in Rhode Island) and his wife

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Mary Joyce, both PhD '1993. This August, he served on the scientific committee of the 4th North American Stata Users Group Meetings in Boston, presenting "cron, perl and Stata: automated production and presentation of a business-daily index", coauthored with Chuck Chakraborty (PhD'1994).

Kit's recent publications include "Stata: The language of choice for time series analysis?", *Stata Journal*, 5:1, 46-63, and "A review of Stata 8.1 and its time series capabilities," *International Journal of Forecasting*, 20, 151-161.

**Don Cox** has been busy with conference presentations. He gave a guest lecture on "Statistics: Separating Fact from Fiction" to Congressional staffers in the Capitol Hill Campus Program of the Mercatus Center at George Mason University, last July. He was a speaker at the Weidenbaum Center Media Retreat, June 2004, Osterville, MA. Don gave two lectures and participated in informal workshops aimed at teaching journalists from ABC News, CBS News, Business Week, CNN, UPI and National Public Radio to better understand statistics and mathematics.

He presented "Inheritances, Bequests, and Family Traditions" coauthored with Oded Stark at University of Wisconsin-Madison in December 2004 and "Biological Basics and Intergenerational Transfers" at a NIH conference on Intergenerational Family Resource Allocation this March. Cox also presented "Biological Basics and Intergenerational Transfers" during the Spring 2005 semester at Oregon State University, Northeastern University and University of Virginia, and "Biology and the Mothers and Fathers of Invention" at Stonehill College last April. Finally, Don presented "Extended Families and Kinship Networks: An Evolutionary Perspective," coauthored with Marcel Fafchamps, at a conference for contributors to the Handbook of Agricultural Economics in Bellagio, Italy in May, 2005.

In other news, Don writes: 'A small group of us have begun meeting once a month or so for informal seminars on research topics having to do with evolution. Our group includes Karen Norberg (National Bureau of Economic Research and Washington University) who was trained as a psychia-

trist but is now doing social science research, Bill Stubblefield, a biologist at the Fresh Pond Research Institute; and Ingela Alger and Megan Way from our department. To any biology maniacs out there, we are always looking for new recruits! And last but certainly not least, Emmanuel Lartey, Andrew Samuel and I opened for Rick Sanger's band, Shakewell, at the graduate student picnic this May. It was quite a thrill to share the stage with these fine musicians.'

**Fabio Ghironi** writes: 'I continued working on my NSF-funded project with Marc Melitz (Harvard). Our first paper, "International Trade and Macroeconomic Dynamics with Heterogeneous Firms," just appeared in the *Quarterly Journal of Economics* (2005, 120:865-915). We have also started new projects with Florin Bilbiie (Nuffield College, Oxford) and Jean Imbs (University of Lausanne). In addition to work with Marc, I had good news on my work with Charles Carlstrom (Cleveland Fed) and Timothy Fuerst (Bowling Green): our paper on "Does It Matter (for Equilibrium Determinacy) What Price Index the Central Bank Targets?" was accepted for publication in the *Journal of Economic Theory*. Chuck, Tim, and I are now working on a new paper with Kolver Hernandez (PhD'2004), now an assistant professor at University of Delaware.

Between fall 2004 and spring 2005, I presented my research in seminars at Northeastern University, Princeton University, and the University of Connecticut, in the NBER Universities Research Conference (December 2004), and in a conference on Monetary Multi-Sector Models at the University of Montreal (May 2005). I was also a discussant in the NBER Universities Research Conference. During the summer and since the beginning of the fall semester, I presented my research at the SED conference in Budapest, an IGIER-CSEF conference in Capri, the EEA Annual Congress in Amsterdam, and a conference on Policy Relevant Modeling for Central Banks at the Swiss National Bank in Zurich. I am scheduled to give seminars this fall at the Federal Reserve Bank of New York, the Catholic University in Lisbon, the Federal Reserve Bank of Dallas, MIT, and to present in a

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conference at the Sveriges Riksbank in Stockholm. As for my teaching and advising activities, I continued to run the R@BC Workshop for BC grad students in macroeconomics and international macroeconomics. I co-advised with Robert Murphy the Boston College team for the 2004 College Fed Challenge competition. It was BC's first participation and we ranked third in the district competition at the New York Fed, bettering 17 other teams and winning a \$7,500 prize.

In the spring semester 2005, I was a Visiting Assistant Professor of Economics and International Affairs at Princeton University, where I taught macroeconomics to econ undergraduates and master students at the Woodrow Wilson School. I was a Visiting Professor at the University of Evry Val d'Essonne, France, in June, and I will visit the University of Milano to teach a mini-course and give a seminar in May 2006.

I continued my editorial work for the journal *International Finance*, organizing a conference on "New Policy Thinking in Macroeconomics" held at the Council on Foreign Relations in New York City in November 2004. The conference will result in a special issue of the journal under my editorship and in a Blackwell conference volume. I was also appointed as an Associate Editor of the *Journal of International Economics* last July.

As for the really important matters, Katrina and I spent some time fly-fishing in Tuscany and she caught her first Italian trout, but I still hold a significant home-water advantage there. Last but not least, I bought a season ticket to Torino soccer games (Curva Maratona, for those of you who know what that is) and even made it to the stadium once. I won't make it often, but I show my support as I can!

**Peter Gottschalk's** forthcoming publications include "Downward Nominal Wage Flexibility: Real or Measurement Error?", *Review of Economics and Statistics*, and "Can Work Alter Welfare Recipients' Beliefs about How They Will Fare in the Labor Market?" *Journal of Policy Analysis and Management*. He and Sheldon Danziger coauthored "Diverging Fortunes: Trends in Poverty and Inequality", which appeared in *The American People-Census 2000*, Reynolds Farley and John Haaga,

eds., Russell Sage Foundation and Population Reference Bureau. Peter's numerous conference presentations included appearances at CASE, London School of Economics; Institute for Fiscal Studies; University of Warwick; Canadian Employment Research Forum (CERF); 2004 Canadian Economic Association conference, Toronto; Harvard Inequality Summer Institute; University of Milano; and this summer's meetings of Society of Labor Economists, San Francisco.

In April 2004, Peter was named the Benjamin Meaker Visiting Professor, University of Bristol, England. He also visited DC this June to serve as a discussant at National Poverty Center conference "Working and Poor: How Economic Policy Changes Are Affecting Low-wage Workers".

**Matteo Iacoviello's** paper "House prices, borrowing constraints and monetary policy in the business cycle" is forthcoming in the *American Economic Review*. His paper "Consumption, House Prices and Collateral Constraints: a Structural Econometric Analysis" was published in 2004 in *Journal of Housing Economics*, 13:4, 305-321. He tells us 'In July 2004, I travelled to Florence for the Society for Economic Dynamics to present my paper "Consumption, House Prices and Collateral Constraints: a Structural Econometric Analysis." I returned to Florence in March 2005 to visit my coauthor Fabio Schiantarelli, on sabbatical at the European University Institute. In April 2005, I spent two weeks at the Università degli Studi di Milano (Italy) teaching a graduate course on Recent Developments in Monetary Economics. After a couple of conferences and seminars in the Summer of 2005, I will be on leave (thanks to a faculty fellowship) this fall. During that period, I will visit the European Central Bank, Boston University, and the Ente Luigi Einaudi in Rome.'

**Peter Ireland's** recent publications include "Technology Shocks in the New Keynesian Model," *Review of Economics and Statistics*, 86, 923-936 and "Money's Role in the Monetary Business Cycle," *Journal of Money, Credit, and Banking*, 36, 969-983. He writes: 'For better or for worse--mostly better but sometimes worse--this year was devoted in large part to the University's strategic planning

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efforts: I headed up the committee for the Social Science Division of the College of Arts and Sciences, on which Dick Tresch also served. I continued as co-editor of the *Journal of Economic Dynamics and Control* and as a member of the Editorial Board at the *American Economic Review* and accepted new appointments as Editor of the *Berkeley Electronic Journals in Macroeconomics* and Associate Editor at *Macroeconomic Dynamics*. And still I found some time to continue my own research projects: I finished a new paper on "Changes in the Federal Reserve's Inflation Target," which I presented at seminars at the Federal Reserve Banks of Atlanta and Boston, the Bank of England, Boston University, the University of British Columbia, and the University of Illinois.'

**Hideo Konishi's** forthcoming publications coauthored with M. Utku Ünver include "Credible Group-Stability in Many-to-Many Matching Problems," *Journal of Economic Theory* and "Games of Capacity Manipulations in Hospital-Intern Markets" in *Social Choice and Welfare*. His paper "Free Trade Networks with Transfers" with Taiji Furusawa is forthcoming in *Japanese Economic Review*, while "'Salience': Agenda Choices by Competing Candidates" with Marcus Berliant is forthcoming in *Public Choice*. His recent publications include "Uniqueness of User Equilibrium in Transportation Networks with Heterogeneous Commuters," *Transportation Science*, 2004, 38:315-330, and "A Welfare Decomposition in Quasi-Linear Economies" with Taiji Furusawa, *Economics Letters*, 2004, 85:29-34. His recent conference presentations include Midwest Economic Theory Conference in Nashville, April 2005, and the Seventh International Meeting of the Society for Social Choice and Welfare in Osaka, Japan, July 2004. Hideo also gave a lecture "Theory of Group Formation Games without Spillovers" at Hitotsubashi University, July 2004 and presented seminars at RIEB, Kobe University, and University of Montreal.

**Marvin Kraus** has found some time for research despite his efforts as department chair; his forthcoming publications include "Monocentric Cities," in *Companion to Urban Economics*, Richard Arnott and Daniel McMillen, eds., Blackwell, and

"Congestion," coauthored with Richard Arnott, in *The New Palgrave Dictionary of Economics*, 2nd ed., Steven Durlauf and Lawrence Blume, eds., Palgrave Macmillan.

**Alicia Munnell** has just been appointed as a member of the NBER Executive Committee. Her recent publications include "How Should the Private Pension System be Reformed?" with Daniel Halperin, in *The Future of the Private Pension System*, forthcoming from the Brookings Institution Press, and "Social Investing: Pension Plans Should Just Say 'No'", with Annika Sundén, in *Pension Fund Politics: The Dangers of Socially Responsible Investing*, to be published this year by The AEI Press. Alicia has made presentations on pension issues to the the Women and Money Seminar, RBC Dain Rauscher; Fidelity Symposium on Planning for Income in Retirement; New Frontiers in Indian Insurance, Mumbai, India; Deutsches Institut für Wirtschaftsforschung, Berlin; Pension Plans Design For the Future Conference, Scheveningen, Netherlands; Fidelity Investment Tax-Exempt Services Company, Research Lecture Series; David and Lucile Packard Foundation, Los Altos, CA; John Hancock Partners Forum, Washington, DC; Prudential Secure Retirement Advisory Group Meeting, Washington, DC; and Center for Economic Policy Studies Fall Symposium, Princeton University. Her paper "What Replacement Rate Do Households Actually Experience in Retirement?", coauthored by PhD candidate Mauricio Soto, was given this August to the 7th Annual Joint Conference of the Retirement Research Consortium in Washington.

**Fabio Schiantarelli** has two papers forthcoming: one coauthored with A. Galindo A. Weiss, "Does Financial Reform Improve the Allocation of Investment? Micro Evidence From Developing Countries", *Journal of Development Economics*, and a second coauthored by M.L. Parisi (PhD'2001), and A. Sembenelli, "Productivity, Innovation Creation and Absorption, and R&D: Micro Evidence for Italy", *European Economic Review*. His recent publications include "Inventory, Employment and Hours", with M. Galeotti and L. Maccini, *Journal of Monetary Economics*, 2005, 52:575-600 and "Regu-

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lation and Investment", coauthored with A. Alesina, Silvia Ardagna (PhD'2000) and G. Nicoletti, *Journal of the European Economic Association*, June 2005, 1-35.

**Tayfun Sönmez** writes: 'I received the Turkish Medal of Science in May 2005. At most two of these awards are given by the Turkish Academy of Sciences annually (this year only one) and it is the highest award given to a social scientist in Turkey. I was the youngest scholar to receive it and the first economist.

Last fall Alvin Roth, Utku Unver and I launched the New England Program for Kidney Exchange (NEPKE) together with New England transplant surgeons and tissue typers and are currently accepting patients. Our approach is already adopted by Johns Hopkins, transplant community at Ohio and Michigan and many other states and countries are considering similar programs. In July 2005 the Boston Public Schools have decided to follow the recommendations I have developed with Atila Abdulkadiroglu, Parag Pathak and Alvin Roth to replace their student assignment mechanism for the K-12 schools with a mechanism we have been advocating. This transition may have a domino effect since many school districts (including Seattle, Minneapolis, Miami, Providence, Denver, St. Petersburg-Tampa) use the old Boston mechanism which we have shown to have serious shortcomings in a series of papers.'

## ***Grad students garner awards***

The Donald J. White Teaching Excellence Awards went to TF Kolver Hernandez and TA Mirissa Ginn this spring. For summer 2005, the H. Michael Mann Dissertation Fellowship was awarded to Federico Mandelman, while Natalia Jivan won the Paula J. and Daniel J. Greeley Award for dissertation support. Departmental fellowships for summer dissertation research went to Marissa Ginn, Pallavi Seth and Pinar Uysal.

For 2005–2006, one-semester dissertation fellowships were awarded to Amrita Bhattacharyya, Eren Inci, Emmanuel Lartey, Todd Prono and Viktors Stebunovs. Congratulations to all!



## ***Alumni News Notes***

Oriana Bandiera (PhD'2000) and Neenan Professor Jim Anderson coauthored "Traders, Cops and Robbers", forthcoming in the *Journal of International Economics*. She published "Cooperation in collective action", coauthored with Iwan Barankay and Imran Rasul in *Economics of Transition*, 2005, 13:3, 473-498. Her article with Gilat Levy, "Robin Hood's Compromise: The Economics of Moderate Land Reforms" appeared in *Contributions to Economic Analysis & Policy*, 3:1, 2004.

Frank McLaughlin told us last May that 'at Mass yesterday the 90th birthday of Joe Barry (MA, '1957) was announced to the congregation. It was a memorial Mass for his son Joe who died a few years ago. Joe stood and took a bow, silver haired and smiling. Joe and I both received MAs that year, and we both wrote our MA theses under the supervision of Mortimer Gavin S.J. Joe received the AB from BC in 1937 and his law degree from BC in 1947. He had a long career as attorney for the Northeast regional office of the National Labor Relations Board.'

Mustafa Caglayan (PhD'1997) has been appointed Chair in the Department of Economics, University of Glasgow. Atreya Chakraborty (PhD'1994) and Charles Hu (PhD'1994) have a paper "Lending Relationships in Line-of-Credit and Non-Line-of-Credit Loans: Evidence from Collateral Use in Small Business" forthcoming in *Journal of Financial Intermediation*.

Serhan Ciftcioglu (PhD'1990) published "Exchange Rate Policy and Macroeconomic Stability," chapter 10 in *Contemporary Issues in Macroeconomic Management*, B.N. Gosh, ed., Wisdom House, London and "The Choice between Accommodative and Non-Accommodative Exchange Rate Policy in the presence of Foreign Shocks" in *Topics in the Middle Eastern and Northern African Economies*, vol. 5, 2003. After over 6 years of commuting back and forth between the Boston area and Washington, DC, Barbara Fraumeni (PhD'1981), the Bureau of Economic Analysis' Chief Economist, has decided to hang up her wings in order to see her husband during the week. She has accepted an offer to move to the Muskie School of Public Service in Portland, Maine. She will be Professor and Chair of the Ph.D. in Public Policy Program. Muskie, which offers three masters degrees as well as the PhD degree, is part of the University of Southern Maine (USM). USM with approximately 14,000 students is reportedly the largest university in the state of Maine. The Muskie School is important to USM; its doctorate, which is a young program, is currently the only doctorate offered at USM and construction of a new building to house Muskie is about to begin. Barbara is looking forward to returning to academia.

Emmanuela Galasso (PhD'2000) and Martin Ravallion published "Social Protection in a Crisis: Argentina's Plan Jefes y Jefas" in *The World Bank Economic Review*, 2004, 18:3,

*Continued, p.10*

*Alumni News... from p.9*

367-399.

Nikolay Gospodinov (PhD'2000) published "Asymptotic confidence intervals for impulse responses of near-integrated processes" in *The Econometrics Journal*, 2004, 7:2, 505-527 and "Testing for Threshold Nonlinearity in Short-Term Interest Rates" in *Journal of Financial Economics*, 2005, 3:3, 344-371.

Carol Kallman Kane (PhD'1999) and her husband Brian welcomed their son Ryan Dieter Kane in March, 2004.

Umit Ozlale (PhD'2001), Hakan Berument and Zubeyir Kilinc published "The Missing Link between Inflation Uncertainty and Interest Rates" in *Scottish Journal of Political Economy*, 2005, 52:2, 222-241.

Greg Swinand (PhD'1999) presented "Measuring Consumers' willingness to pay for quality of service in Post" at the 14th CRRJ conference on Postal and Delivery Economics last June in Antwerp Belgium. He also presented "The structure and functioning of Belgium's electricity markets" at the Belgian Association of Energy Economists meetings in April (Brussels), and "Barriers to Entry in Belgian Electricity Generation" at the conference, "the Lisbon Strategy in Network Industry" at the European Economic and Social Committee, Brussels, in June. His article "Valuing Assets Using Real options: An Application to Deregulated Electricity Markets" appeared in the Spring, 2005 issue, volume 17, number 2, of *Journal of Applied Corporate Finance*, A Morgan Stanley publication.

After 3 years at Charles River Associates in Boston Catherine Taylor (MA'2000) has moved across the river to The Brattle Group in Harvard Square. She will continue to work in transportation economics, survey research, and applied econometrics.

Andreas Waldkirch (PhD'2001) has taken a position as assistant professor at Colby College.

Xiaomeng Yang (PhD'2002) writes: 'I just moved to New Jersey to join Ludan after commuting for quite a while. I am also starting a new job at Credit Suisse Asset Management. I am working in their Quantitative group focusing on tactical asset allocation research and also managing some money. I am very excited about the new start in life!'

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## **Snow Job: BC Economics majors appear on NBC's TODAY show**

On an edition of NBC's *Today* show last spring, Katie Couric hosted a segment discussing the long-range prospects of the Social Security system which featured BC economics majors on Bapst lawn — tossing snowballs! The snowballs were a prop in the discussion of the growing imbalance between contributors to Social Security's "pay-as-you-go" system and retirees receiving benefits (proxied by the snowballs). The seven-minute segment also included comments from A&S Dean and Economics professor Joseph Quinn.

## **News from the Ph.D. students**

Second-year student Nicola Lostumbo was a research associate last summer at the Congressional Budget Office in Washington, DC.

Shihe Fu was awarded the 2004-2005 Lincoln Institute of Land Policy Dissertation Fellowship.

Andrew Samuel received a research grant from the Acton Institute, an Econ think tank, for his dissertation research.

Second-year student Nicholas Sim has the following publications: "Indeterminacy, Stabilization Policy and Returns To Scale: A Re-Investigation", *Contributions to Macroeconomics*, 2005, 5:1, Article 3; "Service Liberalization, Endogenous Industrial Composition and Modernization", *Applied Economics Letters*, 2005, 12(3), 161-163 and "International Production Sharing and Economic Development: Moving up the Value-Chain for a Small-Open Economy", *Applied Economics Letters*, 2004, 11(14), 885-889.

Kameliia Petrova presented "Part-time Entrepreneurship and Wealth Effects" at the 50th World Conference of the International Council for Small Business (ICSB), "Golden Opportunities for Entrepreneurship," Washington, DC and "Does Motivation Trigger Autonomy, or Vice Versa?" in the Econometrics of Labor Demand Conference, Mons, Belgium, October 2004.

Asel Aliyasova reports 'I received a Wings of Excellence Award, which is a scholarship instituted by the International Student Symposium in Switzerland. I had submitted a paper on individual and societal responsibility in Kyrgyzstan. My other paper on the women's role in labor markets of Kyrgyzstan was accepted for presentation at a conference in Salt Lake City, called the Middle Eastern and Central Asian Conference. I also won a grant to attend an international student workshop on education in Norway.'

Boris Yoruk's paper with O. Zaim, "Productivity growth in OECD countries: A comparison with malmquist indices", appeared in *Journal of Comparative Economics*, 2005, 33:2, 401-420.

Eren Inci received a NBER Entrepreneurship Initiative Travel Grant in 2005 to support his attendance at NBER meetings in Cambridge and Santa Fe. He presented "A Model of R&D Tax Incentives" (BC EC WP 597) was presented at the European Economic Association Congress in Amsterdam, August 2005. Eren's joint work with Richard Arnott, "An Integrated Model of Downtown Parking and Traffic Congestion", is available as NBER WP 11118 and BC EC WP 608.

Amrita Bhattacharyya's paper (see p.4) "Advertising in Specialized Markets: Example from the U.S. Pharmaceutical Industry" was presented at the Eastern Eco-

*Continued, p.11*

## CHENEY SCHOLARSHIP FUND SUPPORTS STUDENT ACHIEVEMENTS

The Fr. Robert Cheney, S.J. Scholarship recipients for the 2004-2005 academic year were Ann Marie Gormley (CSOM), Matthew List (A&S), Ryan O'Regan (A&S) and Emily Stanger (A&S). Each year we are impressed by the academic achievements of our students, and this year is no exception. All four wrote senior honor theses. Matt's won him the Giffuni Prize, awarded by the Economics Department for outstanding thesis work, and an American Academy of Political and Social Science undergraduate research award. Emily's thesis earned her the designation of Scholar of the College; she also won the Bourneuf Award, given to the senior judged by the Economics faculty to be the most outstanding economics major, and the Theology Department's top award. Ann Marie was a member of the CSOM Honors Program, and Ryan was a member of the Arts and Sciences Honors Program.

Equally important, in our opinion, is the time and energy they devoted to service to the University and wider community. Service was an important part of Fr. Cheney's life, and we think he would be proud of what these students accomplished. Ann Marie was a peer advisor for management students as well as a volunteer in the Appalachian and First Serve programs. Matt, initially a trumpeter in the brass choir and marching band, conducted the pep band that performed at basketball and hockey games. Ryan served as a tutor for the Office of Learning Resources and coordinated the peer advising program for the economics honor society. Emily was an Appalachian volunteer, helped to organize Halftime retreats for Intersections (a University program to assist undergraduates with vocational discernment), and participated in the Kairos retreats.

They all have ambitious post-BC plans. Ann Marie will be working in the financial industry. Matt and Ryan plan to work as economic research assistants for a year prior to graduate school. Emily will work in a Latino community in Colorado as a member of the Mercy Volunteer Corps.

Thanks go to all the alumni and friends of the Department whose generous contributions to the Cheney Fund year after year make it possible to aid some of our most talented students.

### *Grad Student News... from p.10*

economic Association Annual Conference, NY, March 2005. Mauricio Soto's publications include "Will Baby Boomers Drown in Debt?," forthcoming *CPA Journal*, November 2005; "Chilean Pension Reform: the Good, the Bad, and the In Between". *Issue in Brief #31*, Center for Retirement Research at Boston College, June 2005; "What is Progressive Price Indexing?," with Alicia Munnell, *Just the Facts on Retirement Issues #17*, CRRBC, March 2005; "What Does Price Indexing Mean for Social Security Benefits?," with Alicia Munnell, *Just the Facts on Retirement Issues #14*, CRRBC, January 2005 and "Yikes! How to Think About Risk?," with Munnell and Steven Sass, *Issue in Brief #27*, CRRBC, January 2005.

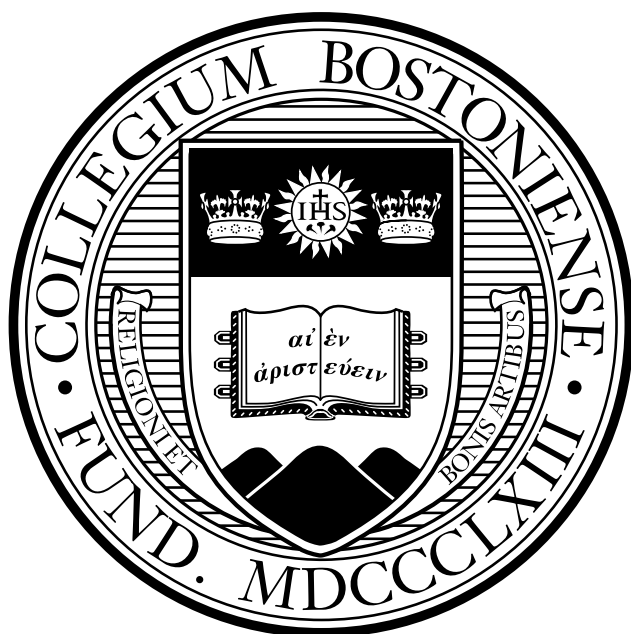
Second-year student Vitaliy Strohush reports 'my paper "How does Overconfidence Affect Individual Decision Making" was presented by one of my co-authors, Plamen Doudov at the International Conference, Experiments in Economic Sciences: New Approaches to Solving Real-world Problems, in Okayama and Kyoto, Japan, on 14-17 December 2004.'

Massimo Giovannini's publications include "Long-run Models of Oil Stock Prices," coauthored with A. Lanza, M. Manera and M. Grasso, *Environmental Modelling and Software*; "Modeling and Forecasting Cointegrated Relationships Among Heavy Oil and Product Prices" coauthored with A. Lanza and M. Manera, forthcoming in *Energy Economics* and (with M. Grasso, A. Lanza and M. Manera) "Conditional Correlations in the Returns of Oil Companies Stock Prices and Their Determinants", *Empirica*, forthcoming.

## *O D E News*

The BC chapter of ODE inducted 51 new members during the 2004-2005 academic year. Officers for the year were Eric Newman and Veronica Korb, co-chairs; James Soares, treasurer; Ryan O'Regan and Christine Sama, peer advising coordinators; and Jaclyn Cote and Roberto Impeduglia, career network coordinators. ODE members provided peer advising prior to registration each session and represented the department at other University functions. The chapter once again sponsored an evening discussion with young alumni from the Boston area about career issues. At the annual dinner in April, Prof. Douglas Marcouiller spoke about the work that he and Neenan Professor James Anderson have done on the effects of corruption and weak judicial systems on international trade.





Boston College  
Department of Economics  
Chestnut Hill, MA 02467-3806

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