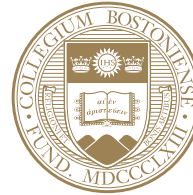




THE BOSTON COLLEGE ECONOMICS DEPARTMENT NEWSLETTER

October 2008
Vol. 31



Dvir, Strasser, Ünver join the BC economics faculty



Last year's faculty recruitment season was exceedingly successful, with the department filling each of the three authorized positions with an excellent candidate. Two of the new faculty, Eyal Dvir and Georg Strasser, work in the field of International Economics. Eyal, who is completing his Ph.D. at Harvard, is teaching the graduate trade course and the undergraduate course in international finance this fall. Georg, who is completing his Ph.D. at Penn, will be teaching a new graduate course in international finance. Georg's course will be offered in the spring, as will Fabio Ghironi's graduate international finance course, leading to a new graduate field in international finance. Strasser will be teaching macro theory at the undergraduate level.

Joining the faculty as an associate professor is M. Utku Ünver, who is coming to BC from the

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Iacoviello promoted, tenured

Macroeconomist Matteo Iacoviello was granted tenure and promoted to Associate Professor in this year's round of promotions. Iacoviello joined the BC faculty in 2002 after completing the Ph.D. at the London School of Economics. His work has won considerable acclaim, with publications in the *American Economic Review*, *JMCB*, *Journal of Macroeconomics*, *Journal of Monetary Economics*, among others. He has served as a visiting professor in Milan and Hong Kong, a visiting scholar at Boston University and a consultant to the European Central Bank, Bank of Canada and International Monetary Fund.

Our congratulations to Prof. Iacoviello!



Economics grads garner awards

In the College of Arts and Sciences Honors ceremony held Commencement weekend, the Alice E. Bourneuf Award for an outstanding senior economics major went to Bret Corrigan. The Giffuni Prize for the best senior honors thesis was split between Jamie Best (a CSOM student doing the full A&S econ major) and Christopher (Matt) Perry. Jamison Davies was awarded a Matthew Copithorne Scholarship to study at Harvard Law School.

Eleven Ph.D.'s Awarded in University Commencement

The 132nd commencement exercises of Boston College were held on 19 May 2008. Eleven economics students received the Ph.D. since the last commencement. They are listed with their thesis topics and advisors. *Darrel Barbato*, "Essays in applied microeconometrics" (Frank Gollop); *Lewis Gaul*, "Essays in macroeconomics and finance" (Fabio Schiantarelli); *Marissa Ginn*, "Three essays in applied macroeconomics" (Peter Ireland); *Eren Inci*, "Public policy towards entrepreneurship and innovation" (Richard Arnott); *Gökçe Kurucu*, "Essays on markets with network externalities" (Hideo Konishi); *Jingzhi Ginger Meng*, "Two essays in applied econometrics and finance" (Arthur Lewbel); *Tatiana Mihailovschi-Muntean*, "Monetary and fiscal policy mix as insurance in a model with heterogeneous agents" (Peter Ireland); *Maria Punzi*, "Essays on housing market and current account imbalances" (Fabio Ghironi and Matteo Iacoviello); *Pallavi Seth*, "Monopsony power and asymmetric information: Microeconomics applied to health care" (Frank Gollop); *Mauricio Soto*, "The effects of pension funding rules on the behavior of firms" (Donald Cox); and *Viktors Stebunovs*, "Finance as a barrier to entry in dynamic, stochastic general equilibrium models" (Fabio Ghironi and Peter Ireland).

Sixteen students were awarded the M.A. at the commencement exercises: Samson Alva, Alessandro Barattieri, Rucha Bhate, Anna Blank, Isabella Blengini, Daniel Bliss, Aaron Fix, Francis Georges, Wataru Hirata, Shoghik Hovhannisyán, Chuanliang Jiang, Sailu Li, Murat Mungan, Shannon Phillips, Radoslav Raykov and Caglar Yurtseven.

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BOSTON COLLEGE MAGAZINE highlights BCEC

The Spring 2008 issue of *BCM* contained an article, "All the news: Thirty years in the life of a department," by Cara Feinberg, highlighting this newsletter's progress. We reprint the article here, with thanks to *BCM*. Full contents of *Boston College Magazine* are available at <http://bcm.bc.edu>.

"The first issue appeared in May 1978—a 10-page typewritten bulletin "devoted to horn-blowing," according to its founding editor, James Anderson, the William B. Neenan, SJ, Millennium Professor of Economics. True to its mission, the inaugural Boston College Economics Department Newsletter included a nine-page catalogue of more than 90 department-generated research grants and publications from 1976 to 1978. Over the next three decades, in the hands of successive professor editors (Joe Peek from 1988 to 1990, Christopher Baum since 1991), the semiannual pamphlet would evolve into an annual publication, with photos, a flashy title (it became *BC EC* in 1991), and an occasional nod to extracurricular feats (in 1988, *BC's* economists made it to the finals of the University's summer softball league, losing—not for the first time—to the dynastic buildings and grounds team).

Now, the complete archive of newsletters is available online for scrolling at the economics department's website. Among 30 years of headlines, some mark important dates in the department's history ("Major Initiative Supports Economics Expansion," from a 1998 issue, names economics as one of 13 departments targeted in a \$260 million University capital campaign); others commemorate the utterly out-of-date ("We now have an office in the department devoted to . . . two scope terminals and an LA 120," from a 1980 story marveling at the six-foot-wide machine's ability to "act as a small printer").

For Baum, who has chronicled events for the last 17 years, the newsletter records—however informed.
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New faculty...from page 1

University of Pittsburgh, where he has been an Assistant Professor since 2005. Utku is a microtheorist who specializes in market design. He is particularly well known for his joint research on kidney exchange with Tayfun Sönmez and Alvin Roth. Ünver will teach undergraduate micro theory and graduate micro theory next year.

With these three hires, the department returns to full authorized strength: an essential element of meeting the very strong demand for economics courses. We are delighted to welcome Profs. Dvir, Strasser and Ünver to the Boston College economics faculty.

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Atreya "Chuck" Chakraborty (PhD'94) has been promoted to tenured Associate Professor in the Department of Finance and Accounting at UMass-Boston. His recent publications include "Takeover defenses, golden parachutes, and bargaining over stochastic synergy gains: a note on optimal contracting," *European Journal of Finance*, 2008, coauthored with **Abdikarim Farah** (PhD'93) and **John Barkoulas** (PhD'95); "Golden Parachutes, Shark-Repellents and Shareholders' Interest: Some New Evidence," *Global Finance Journal*, 2008; "Termination Risk and Managerial Risk Taking", *Journal of Corporate Finance*, 2007 with Shahbaz Sheikh and Narayanan Subramanian, and with those same coauthors, "Re-pricing and Executive Turnover", *The Financial Review*, 2007.

Gary S. Fissel (PhD'88) reports on his following publications: "Equity Market Information, Bank Holding Company Risk, and Market Discipline" with Gerald A. Hanweck and Timothy J. Curry, *Journal of Banking and Finance*, Vol. 32, No. 5 (May 2008), "Equity Market Data, Bank Failures and Market Efficiency" with Timothy J. Curry and Peter J. Elmer, *Journal of Economics and Business* 59, No. 6 (2007), "Is There Cyclical Bias in Bank Holding Company Risk Ratings?" with Gerald A. Hanweck and Timothy J. Curry, *Journal of Banking and Finance*, Vol. 32, No. 7 (July 2008), "The Effect of Bank Supervision on Loan Growth" with Timothy J. Curry and Carlos D. Ramirez, *North American Journal of Economics and Finance*, forthcoming.

Nikolai Gospodinov (PhD'00) authored "Asymptotic and bootstrap tests for linearity in a TAR-GARCH(1,1) model with a unit root" in *Journal of Econometrics*, 146, 2008.

Vasso Ioannidou (PhD'01) has co-authored the following: "Do High Interest Rates Defend Currencies During Speculative Attacks?"

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All the news...from page 2

mally—an important time in the department's history. "In many ways," he says, "our evolution over the last three decades echoes the University's trajectory."

When the first newsletter appeared, the year Baum joined the faculty, its headlines announced the 1977 retirement of Alice Bourneuf, a founder of the department (and the first woman appointed to the faculty of the College of Arts & Sciences). Over 18 years, Bourneuf helped transform the small department, known mostly for its teaching, into a leading research engine. Now ranked among the top 24 economics departments in the country—as recorded in a 2004 newsletter (and according to an evaluation by the Combes-Linnemer worldwide ranking system, which tallies faculty publication in major journals)—BC economics has a roster that includes six professors "ranked among the world's top 1,000 economists" by the European Economic Association, as a 2001 story reports, "including two, Peter Ireland and Arthur Lewbel, in the Top 20." News of the department's mounting superlatives, however, rarely made front-page headlines in the office press over the years; top stories profiled new faculty members (most recently, econometrician Karim Chalak, whose "ongoing research considers the definition, modeling, identification, and estimation of causal effects"); saluted milestones ("Economics Celebrates 50 Years of the Ph.D.," from 2003); or broadcast wedding and birth announcements ("Department Productivity Reaches Record High!" from 1991).

From 1995 to 2003, headlines chronicled economics' eight-year housing saga that began with a promise of "a complete renovation of Carney Hall before the turn of the century." The department's then 40-year-old home ("BC's largest, and shabbiest, academic building," according to a 1996 story), was in need of a face-lift, but as 1998 and 1999 updates titled, respectively, "Waiting for Godot" and "[Still] Waiting for Godot" reported, construction, stymied by legal obstacles, was on hold. In late 2002, the department moved to its current—and now permanent—home in 21 Campanella Way, a newly constructed building that permitted, for the first time, "all [economics] faculty staff, teaching fellows and assistants, and research assistants to work in adjacent space."

BC EC's most recent front page announces Professor Joseph Quinn's return to the department after eight years as the dean of the College of Arts & Sciences and his appointment to fill the James P. McIntyre Chair—the department's fourth endowed professorship since 2004. At the bottom of the page in much smaller font, a headline reads "Popularity of Economics Major Rises," over a story describing the steady increase from 510 majors and concentrators in 2001, to 689 in 2007. It's a headline that has appeared several times over the past three decades, says Baum. "Enrollment in our discipline is countercyclical," he explains. "When the economy is bad, people suddenly want to study it."

Alumni News, from p. 3

New Evidence" with Benedikt Goderis, *Journal of International Economics*, Vol. 74, No. 1, 2008. Kraay (2003) documents the lack of any systematic association between monetary policy and the outcome of a speculative attack. This paper revisits Kraay's work and modifies it by introducing an improved measure of monetary policy and an additional country-specific fundamental, short-term corporate debt, to capture balance sheet vulnerabilities emphasized by the recent currency crises literature. The results show that for low levels of short-term corporate debt, raising interest rates lowers the probability of a successful attack. This effect decreases and eventually reverses for higher levels of debt. These findings contrast earlier empirical evidence and imply a fundamental reconsideration of the role of monetary policy during currency crises.

Emmanuel Lartey (PhD'06) co-authored "Remittances, Exchange Rate Regimes, and the Dutch Disease: A Panel Data Analysis" with **Federico Mandelman** (PhD'06), Federal Reserve Bank of Atlanta and Pablo A. Acosta, Corporacion Andina de Fomento, FRB of Atlanta *Working Paper No. 2008-12*. Using disaggregated sectorial data, this study shows that rising levels of remittances have spending effects that lead to real exchange rate appreciation and resource movement effects that favor the nontradable sector at the expense of tradable goods production. These characteristics are two aspects of the phenomenon known as Dutch disease. The results further indicate that these effects operate more strongly under fixed nominal exchange rate regimes.

Federico Mandelman (PhD'06) has authored "Technology Shocks, Employment, and Labor Market Frictions" with Francesco Zanetti, FRB Atlanta *Working Paper 2008-10*. Recent empirical evidence suggests that a positive technology shock leads to a decline in labor inputs. However, the

standard real business cycle model fails to account for this empirical regularity. Can the presence of labor market frictions address this problem without otherwise altering the functioning of the model? We develop and estimate a real business cycle model using Bayesian techniques that allows but does not require labor market frictions to generate a negative response of employment to a technology shock. The results of the estimation support the hypothesis that labor market frictions are responsible for the negative response of employment.

Paul D. McNelis, S.J. (BA'70), the Robert Bendheim Professor of Economics and Financial Policy at Fordham University, has coauthored *Computational Macroeconomics for the Open Economy* with G.C. Lim (MIT Press, 2008).

Petia Petrova (PhD'04) welcomed a beautiful baby daughter this past year as she writes "It is our pleasure to announce the birth of our daughter Kalina Georgieva Ivanov. Kalina was born on May 2, 2008, 8 pounds and 15 ounces, 19.5 inches long. The girl's name is of Slavic origin, and its meaning is "flower". Kalina is also a Bulgarian name meaning 'rowan tree'." Petia is also pleased to announce that she will be joining KPMG's Global Transfer Pricing Group in Boston. Petia will assist with the economic/valuation analyses of multinational's cross-border inter-company pricing for tangible goods, intangibles, loans, and services and it is quite a change from what she has been doing so far, but she wanted to explore something different and is excited about the new job.

Todd Prono (PhD'06) co-authored "Loss Distribution Estimation, External Data and Model Averaging" with Ethan Cohen-Cole in *ICFAI Journal of Financial Risk Management*, Vol. 4, No. 4, pp. 59-66, December 2007. This paper discusses a proposed method for the estimation of loss distribution using information from a combination of internally derived data and data from ex-

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Jim Anderson has been busy with the following publications, papers and presentations: “Consistent Trade Policy Aggregation”, *International Economic Review*, forthcoming and “Does Trade Foster Contract Enforcement?”, *Economic Theory*, forthcoming, and papers, “The Incidence of Geography” with Yoto Yotov (PhD’07) was presented in Industry Canada’s Distinguished Economist Lecture Series, Ottawa last month, “Gravity, Productivity and the Pattern of Production and Trade” to be presented to Oxford University this November, “Globalization and Income Distribution: A Specific Factors Continuum Approach” to be presented to the Paris School of Economics this November and “Terrorism, Trade and Policy” to be presented to the CEPR Workshop on Conflicts, Globalization and Development in Paris also in November. Jim was also appointed to the World Economic Forum’s Trade Facilitation Council.

Kit Baum was busy this year with several research projects. A prior grant from the British Academy sponsoring joint research with Mustafa Caglayan (PhD’98) bore fruit with the acceptance of their paper “On the Sensitivity of the Volume and Volatility of Bilateral Trade Flows to Exchange Rate Uncertainty” at *Journal of International Money and Finance*. A paper with Caglayan, Dorothea Schäfer and Oleksandr Talavera (MA’03), “Political Patronage in Ukrainian Banking,” appeared in *The Economics of Transition*, 16(3), published by the EBRD. Another collaboration with Caglayan, Talavera and Andreas Stephan, “Uncertainty Determinants of Corporate Liquidity”, appeared in *Economic Modelling*, 25. Baum also contributed to the *Stata Journal*: Stata Tip No. 63, “Modeling proportions”, 8(2).

Kit travelled to the UK for collaboration with Caglayan in January 2008, taking a day off to serve on a dissertation committee at the

University of Nottingham, where he also gave a seminar on “Instrumental Variables: Overview and Advances”, repeated that week at University of Sheffield. In February, Baum and Atreya Chakraborty (PhD’94) presented “Securities fraud class actions and corporate governance: New evidence on the role of merit” with their coauthor, James Bohn, at the Conference on the Future of Securities Fraud Litigation at Claremont McKenna College. Baum presented that paper again during a working visit to DIW Berlin during spring break, also giving his instrumental variables presentation to Stata-savvy research staff. During a trip to the UK in May, Baum presented a talk on Stata programming at Sheffield, the securities law paper at University of York (a talk organized by Paola Zerilli, PhD’05) and the trade volatility paper at Heriot-Watt University in Edinburgh. Kit kept those FF miles coming in June with an invited talk at the German Stata Users Group meetings in Berlin on instrumental variables and the UK Stata Users Group meetings in September, speaking on Stata/Mata programming (to be reprised this November at the West Coast Stata Users Group meetings in the city by the bay). That material is excerpted from his forthcoming book, *An Introduction to Stata Programming*, due from Stata Press any day now.

Karim Chalak presented his research last year at Harvard/MIT, Syracuse University, and Yale University seminars and presented the paper “Independence and Conditional Independence in Causal Systems” at the 2008 North American Summer Meeting of the Econometric Society held at Carnegie Mellon University and at the 2008 European Summer Meeting of the Econometric Society held at Università Bocconi.

Don Cox writes, “In academic year 2007–08 I have been consumed with writing about, learning about, and talking about what is shaping up to be an all-consuming obsession for the foreseeable future: the connection between economics and biology. (A few dear

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colleagues have kindly attempted to save me from myself by promulgating time limits on the “talking” part!) I have been working on several projects in connection with my 5-year grant from the National Institutes of Health “Biological Basics and Intergenerational Transfers.” I have several projects going, each of which makes a connection between biological forces and economics in several areas, including: aging, savings, marriage, divorce, marital infidelity, and the treatment of girls in developing countries. I’ve been trying to learn more about neuroscience, and attended BC’s seminar series on interdisciplinary neuroscience last year, and enjoyed meeting several of our faculty from other departments, including psychology and biology. I gave a talk entitled “Evolutionary Biology, Family Economics and Aging” at the Gerontology Institute at U. Mass Boston, and a seminar on “Evolutionary Biology and Behavioral Economics” at the Boston Fed. I also presented “The Biology and Economics of Sexual Infidelity” at Carleton University and U.C. Riverside, where I had a chance to catch up with BC faculty alums Ingela Alger and Richard Arnott. I also presented “Biology and Family Behavior in Developing Countries” at the World Bank and a lecture titled “Evolutionary Thought and the Social Sciences” at Swarthmore College.”

Since the last issue of BCEC, **Fabio Ghironi** continued to tour the world for seminar and conference presentations. He gave seminars at the Board of Governors of the Federal Reserve System, the International Monetary Fund, and the University of Wisconsin-Madison, and he presented his research in the Third International Workshop on Macroeconomics (Madrid), the Econometric Society European Meeting and European Economic Association Annual Congress (Milan), the Society for Economic Dynamics Annual Meeting (Cambridge, MA), the NBER International Finance and Macroeconomics Program Spring Meeting (Cambridge, MA), and a conference on Monetary Policy in Open Economies (Sydney). He was a Visiting Fellow at the Weiss

Center for International Financial Research of the Wharton School, University of Pennsylvania, and the Research Department of the International Monetary Fund. His paper on “Net Foreign Asset Positions and Consumption Dynamics in the International Economy,” with Talan Isçan and Alessandro Rebucci, was accepted for publication in the *Journal of International Money and Finance*. “Monetary Policy and Business Cycles with Endogenous Entry and Product Variety,” with Florin Bilbie and Marc Melitz, was published in the *NBER Macroeconomics Annual 2007*, and “The Role of Net Foreign Assets in a New Keynesian Small Open Economy Model” appeared in the *Journal of Economic Dynamics and Control*. Fabio continued his work with Robert Murphy as advisor of Boston College’s team for the College Fed Challenge. He followed the Boston College hockey team throughout the 2007–2008 season, all the way to the Frozen Four in Denver, where he watched the Eagles win the 2008 NCAA National Championship (after capturing the 2008 Hockey East Tournament Championship and 2008 Beanpot Championship). Most importantly, Fabio and his wife, Katrina, had the immense joy of becoming parents last June of Isabella Caitlin Ghironi. She is now the center of their universe and the source of their infinite happiness.

Peter Gottschalk is retiring from teaching at the end of this semester. This will allow him to spend more time skiing and rock climbing while at the same time allowing him to continue to work on his research interests in inequality and mobility. He recently published two papers with former graduate students: “Are Earnings Inequality and Mobility Overstated? The Impact of Non-Classical Measurement Error” with Minh Huynh (PhD’99), *Review of Economics and Statistics* and “Wage Cuts as Investment in Future Wage Growth” with Helen Connolly (PhD ’02) in *Labour Economics*. Gottschalk served on National Academy of Science panel on the Dynamics of
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Economic Well Being System and presented papers at the following places: AEA meetings in Chicago; IZA workshop in Bonn, Germany; Université de Savoie in Annecy, France; Harvard Inequality Seminar Series; University of Western Ontario, London, Ontario.; Tsinghua University, Beijing, China; Shanghai University of Finance and Economics, Shanghai, China; and the Institute for Research on Poverty, University of Wisconsin. He was also a discussant at the Conference on Evaluating the Long-Term Effects of Welfare Reform, University of Kentucky Center for Poverty Research.

Peter Ireland published two papers in 2007/08. His article, "Changes in the Federal Reserve's Inflation Target: Causes and Consequences," appeared in the December 2007 issue of the *Journal of Money, Credit, and Banking*, and his co-authored article with Scott Schuh, "Productivity and U.S. Macroeconomic Performance: Interpreting the Past and Predicting the Future with a Two-Sector Real Business Cycle Model," appears in the July 2008 issue of the *Review of Economic Dynamics*. Last March, Peter spoke together with El Salvadoran Jesuit Jon Sobrino on "The Catholic University of the 21st Century," and in August, he was appointed as the first Resident Senior Researcher at Boston College's new Sloan Center for Aging and Work.

Hideo Konishi checks in with his new publications: "Tiebout's Tale in Spatial Economies: Entrepreneurship, Self-Selection and Efficiency", *Regional Science and Urban Economics* 38, and "Decentralized Matching Markets with Endogenous Salaries" with Margarita Sapozhnikov (PhD '07), *Games and Economic Behavior* 64.

Marvin Kraus's paper "Economies of Scale in Networks" appeared in the July 2008 issue of the *Journal of Urban Economics*. While in Japan this summer, Marvin gave seminars on this paper at the University of Tokyo and at the National Graduate Institute for Policy Studies

(GRIPS). The presentation at GRIPS was part of a workshop organized by Yuichiro Yoshida (PhD '01). In addition, Marvin teamed up with Richard Arnott to write the entry on "Congestion" for the newly published 2nd edition of the *New Palgrave Dictionary of Economics*.

Arthur Lewbel has published the following: "Endogenous Selection or Treatment Model Estimation," *Journal of Econometrics*, 2007, 141, and "Coherence and Completeness of Structural Models Containing a Dummy Endogenous Variable," *International Economic Review*, 2007, 48. This was a special issue of *IER* that was also published in book form, honoring Daniel McFadden. "Nonparametric Identification of Regression Models Containing a Misclassified Dichotomous Regressor Without Instruments," coauthored with Xiaohong Chen and Yingyao Hu, appeared in *Economics Letters*, 2008, 100. Arthur was an invited speaker at the Latin American Meetings of the Econometric Society in Bogotá, Columbia, and was an invited speaker at the Society of Labor Economists Annual meeting in New York City, in addition to receiving a *Multa Scripsit* award from the journal *Econometric Theory*. On the lighter side, his prowess in juggling was noted in the *Boston Globe*, September 1, 2008, and is visible on YouTube.

Frank McLaughlin presented a lecture entitled "The Immigration Issue and Immigration Policy: What Can Economics Contribute to the Policy Debate?" to an audience of 200 Cape Cod residents on July 21, 2008. The lecture was sponsored by the Social Justice Committee of Saint Joan of Arc parish in Orleans.

Bob Murphy has been very busy with presentations of: "Perspectives on the U.S. Economy" to a group of executives from non-profit organizations in Ireland and Northern Ireland who were attending the "Accessing the Economy Program," April 14, 2008, sponsored by the Irish Institute, Boston College, and "Im-

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proving the Coverage of Official Statistics in Undergraduate Textbooks" at the 2008 World Congress on National Accounts and Performance Measures for Nations, Washington, DC, May 12-17, 2008, as part of a luncheon panel on the "Role of Official Statistics in Modern Society." In addition to his presentations, Bob served as an Honors Examiner in Advanced Macroeconomics last May at Swarthmore College, for their Honors Program and once again coached the Boston College Fed Challenge Team with Fabio Ghironi. Despite a great effort by our students, the team finished out of contention in the Boston round of the competition. Bob continues to serve as Director of the International Studies Program at Boston College, which now has over 200 student majors and 150 student minors, roughly 25 percent of whom are concentrating in international economics. At home, Bob continues to chair the Hopkinton Town Conservation Commission.

Joe Quinn continues to serve as Vice President of the National Academy of Social Insurance and has served on the search committee for a new Boston College University Librarian. Joe has been busy, working with Kevin Cahill (PhD '00) and Mike Giandrea (PhD '02) on two Issue Briefs for the Boston College Center on Aging and Work: "Down Shifting: The Role of Bridge Job after Career Employment," *Issue Brief #6*, April 2007, and "Self-Employment as a Step in the Retirement Process," *Issue Brief #15*, September 2008. Joe also published a book review in the *Journal of Pension Economics and Finance* and, with Kevin and Mike, have a paper under review at the journal *Research on Aging*. In addition, Joe is teaching a large section of Principles of Economics for the first time in two decades!

Uzi Segal has been busy with the following publications: "Calibration Results for Non-Expected Utility Theories" with Zvi Safra, *Econometrica* 76:5, "A Characteriza-

tion of Intrinsic Reciprocity" with Joel Sobel, *International Journal of Game Theory*, 36:3-4 (2008), "Unanimous Subjective Probabilities" with Kim Border and Paolo Ghirardato, *Economic Theory*, 34:2 (2008), 383--387. Uzi's presentations include: "The Talmud on Transitivity" with Shlomo Naeh at Oxford University, Hebrew University, Tel Aviv University and "Randomization and Fairness" at the University of Arizona. Uzi was a member of the program committee at RUD 2008 at Oxford University.

Dick Tresch has a new undergraduate textbook: *Public Sector Economics*, just published by Palgrave Macmillan, 2008.

Utku Ünver joins the department as a tenured associate professor. Utku is a microeconomic theorist and his main research area is mechanism design with an emphasis in matching markets and their real-life applications. He uses computational and experimental tools besides game theory in his research. He has mainly worked on the theory and applications of static and dynamic allocation, exchange, and two-sided matching markets. Utku has advised institutions for the design of real-life markets. For example, he has helped with the design of a centralized clearinghouse is the regional and national kidney exchange in the US (**Tayfun Sönmez** was also involved in this effort). He is the President of the Society for Economic Design and Associate Editor of the *BE Journal of Theoretical Economics*. Utku has had two research grants from NSF, awards from the Turkish Academy of Sciences, and has published in a variety of journals including top general interest and field journals in economics. His latest work includes "Course Bidding at Business Schools", with **Tayfun Sönmez**, forthcoming in the *International Economic Review*; "Internet Auctions with Artificial Adaptive Agents: A Study on Market Design" with John Duffy, *Journal of*

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Alumni News, from p.4

ternal sources. The relevant context for this analysis is the estimation of operational loss distributions used in the calculation of capital adequacy. A robust, easy-to-implement approach that draws on Bayesian inferential methods has been presented. The principal intuition behind the method is to let the data itself determine how they should be incorporated into the loss distribution. This approach avoids the pitfalls of managerial choice on data weighting and cut-off selection and allows for the estimation of a single loss distribution.

Cesare Robotti (PhD'01) has co-authored "Mimicking Portfolios, Economic Risk Premia, and Tests of Multi-Beta Models" with Pierluigi Balduzzi (CSOM) in the *Journal of Business and Economic Statistics*, forthcoming. We consider two formulations of the linear factor model with non-traded factors. In the first formulation (LFM), risk premia and alphas are estimated by a cross-sectional regression of average returns on betas. In the second formulation (LFM*), the factors are replaced by their projections on the span of excess returns, and risk premia and alphas are estimated by time-series regressions. We compare the two formulations and study the small-sample properties of estimates and test statistics. We conclude that the LFM* formulation should be considered in addition to, or even instead of, the more traditional LFM formulation.

Oleksandr "Sasha" Talavera (MA'03) relocated last summer from a research position at DIW Berlin to Aberdeen Business School, Robert Gordon University in Scotland, where he is a lecturer in finance. He and his wife Lena enjoyed both days of the Scottish summer.

Raymond Torto (PhD'69) one of commercial real estate's most renowned economists and forecasters, has been named the company's Global Chief Economist for the CB Richard Ellis Group, Inc. (CBRE). In this newly created position, Dr. Torto will di-

rect CBRE's worldwide team of commercial real estate market analysts and will serve as the firm's primary spokesperson on macro economic issues and the global commercial real estate market. Dr. Torto is the author of four books and numerous articles on financial markets, real estate and tax policy, and is highly coveted as a keynote speaker at association and client conferences.

Yuichiro Yoshida (PhD'01) has published "Commuter Arrivals and Optimal Service in Mass Transit: Does Queuing Behavior at Transit Stops Matter?" National Graduate Institute for Policy Studies (GRIPS), 7-22-1, Roppongi, Minato-ku, Tokyo, 106-8677, Japan. This paper considers whether the optimal (second-best) mass-transit policy under a uniform-fare constraint is affected by passengers' queuing disciplines, by comparing the first-in-first-out (FIFO) and the random-access queuing.

Mauricio Zanardi (PhD'01) is now an Associate Professor of Economics at the Université Libre de Bruxelles and a member of ECARES. Zanardi also has a part time affiliation with Tilburg University and Center.

Francesco Zanetti (PhD'04) has co-authored the following "Labor Market Reform and Price Stability: An Application to the Euro Area" Banco de Espana *Working Paper No. 0818* with Carlos Thomas. This paper studies the effect of labor market reform, in the form of reductions in firing costs and unemployment benefits, on inflation volatility. With this purpose, we build a New Keynesian model with search and matching frictions in the labor market, and estimate it using Euro Area data. Qualitatively, changes in labor market policies alter the volatility of inflation in response to shocks, by affecting the volatility of the three components of real marginal costs (hiring costs, firing costs and wage costs).

PhD Candidates' Professional Activities Abound

Tatiana Farina received an internship as an Economist (GS-11) with the Economic Research Services at the USDA in Washington DC last May through August 2008 and co-authored a paper "Outlet Choice and Food Spending: Where the Household Shops Matter" with two ERS researchers. She presented the paper twice at the ERS in the USDA in August 2007 and August 2008.

Boyan Liu, a Ph.D. candidate at Beihang University in Beijing, China, spent the 2007–2008 academic year as a Visiting Scholar in the department, supported by China's National Natural Science Foundation and Ministry of Education. Her visit was sponsored by Prof. Kit Baum. Her research interests lie in understanding firms' behavior under uncertainty. She and Baum, working with alum "Chuck" Chakraborty from UMass-Boston's Finance faculty, completed three papers during her stay in Boston.

Nicola Lostumbo received a dissertation fellowship at the Federal Reserve Bank of Kansas City during this past summer.

Shannon Phillips was busy publishing the article "The Association Between Maltreatment and Obesity Among Preschool Children" along with Robert C. Whitaker, Sean M. Orzol and Hillary L. Burdette, in *Child Abuse & Neglect*, 31, 2007.

Sisi Zhang has been very busy presenting her paper "How Do Wage Shocks Affect the Labor Supplies of Married Couples? Evidence from the Collective Model" at the following conferences/seminar last academic year: 2007 International Symposium on Contemporary Labor Economics at Wang Yanan Institute for Studies (WISE) in Economics, Xiamen University, Xiamen, China, December 2007, with travel grant from WISE, an invited seminar

from LuoJia Young Scholars Seminar on Economics and Management, Wuhan University, China, December 2007, 2008 Eastern Economic Association Annual Meeting, Boston, MA, March 2008, Workshop on "Gender and the Labour Market", Centre for European Economic Research (ZEW), Mannheim, Germany, March 2008, with full travel grant from ZEW and at The Society of Labor Economists Thirteenth Annual Meeting, poster session, NYC, May 2008.

Andrei Zlate has been working on his job market paper "Production Sharing and Business Cycle Co-Movements with Heterogeneous Firms," and presented it at the BC/BU Green Line Macro Meeting (May), at brown bag seminars at the Federal Reserve Bank of Atlanta (May) and Boston (July), as well as at the 4th DYNARE conference in Boston (September). Over the summer, he was a visiting graduate fellow at the Federal Reserve Bank of Boston and a dissertation fellow at the Federal Reserve Bank of Atlanta, where he worked on a new paper entitled "Immigration and the Macroeconomy," co-authored with *Federico Mandelman* (PhD'06). In June, Andrei also published "Real Convergence and Determinants of Growth in the EU Candidate and Potential Candidate Countries," co-authored with M. Morgese-Borys and E.K. Polgar, in the refereed *Occasional Paper Series* (No. 86) of the European Central Bank.

JOB MARKET SUCCESSES FOR NEW PHDS

Recent placements of BC PhDs include:

Joachim Goeschel: Fordham University

Ginger Meng: Stonehill College

Margarita Rubio: Bank of Spain

Mauricio Soto: Urban Institute, Washington

Megan MacDonald Way: Babson College

Baris Yoruk: State University of New York at Albany

Grad student awards

For AY 2007–2008, Yingying Dong received the Graduate School of Arts and Sciences Academic Achievement Award, Farooq Pasha received the John Courtney Murray, S.J. Award from Student Life and Viktors Stebunovs' dissertation "Finance as a Barrier to Entry in Dynamic, Stochastic, General Equilibrium Models" was nominated for the Graduation Dissertation Award in Social Sciences.

The 2008 Donald J. White Teaching Excellence Awards went to Vitaliy Strohush for Teaching Fellow and Farooq Pasha for Teaching Assistant this spring. For summer 2008, the H. Michael Mann Dissertation Fellowship was awarded to Isabella Blengini, Nadia Karamcheva and Madhavi Pundit. The Paula J. and Daniel J. Greeley Summer Fellowship was awarded to Nicholas Sim. Radoslav Raykov and Wei Sun both received Summer 2008 Internships at the Boston Federal Reserve Bank. 2008–2009 one-semester dissertation fellowships were awarded to fourth-year students, Matteo Cacciatore, Luigi Pascali and Geoffrey Sanzenbacher and to fifth-year students, Nicola Lostumbo, Vitaliy Strohush, Sisi Zhang and Andrei Zlate. Congratulations to all!

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Economic Behavior and Organization, 67, 2008; "Improving the Efficiency of Course Bidding at Business Schools: Field and Laboratory Studies" with Aradhna Krishna, *Marketing Science*, 27, 2008; "Random Paths to Pairwise Stability in Many-to-Many Matching Problems: A Study on Market Equilibration" with Fuhito Kojima, *International Journal of Game Theory*, 36, 2008; and "Unraveling Yields Inefficient Matching: Evidence from Post-Season College Football Bowls" with Guillaume Frechette and Alvin E. Roth, *RAND Journal of Economics*, Winter, 2007.

Students win support from Cheney Scholarship Fund

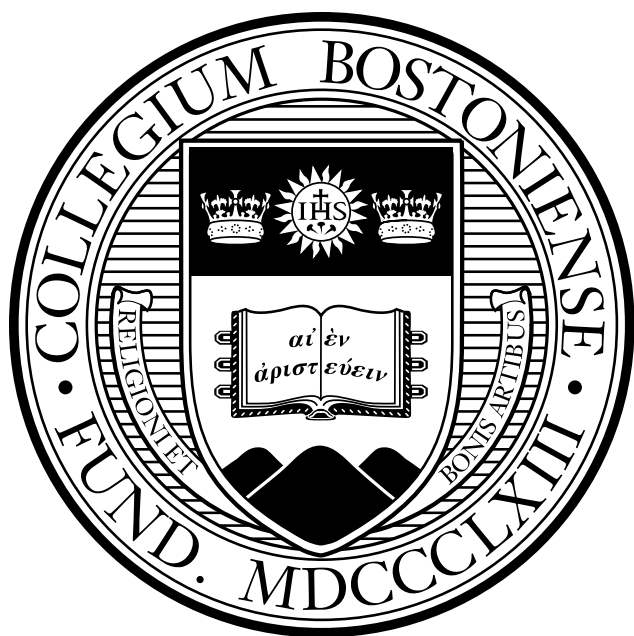
The Cheney Scholarship recipients for the 2007–2008 academic year were Patrick Barrett, John Butchko, Nicholas Murgolo, Alexander Noble, and Christian Treubig.

As in past years, these students were chosen based on financial need, academic performance, and service to the University and wider community. They all had strong records in their economics courses, having qualified for membership in the Omicron Delta Epsilon honor society. They participated in a variety of BC activities, from tutoring undergraduates at the Connors Learning Center to writing for campus newspapers to working in Admissions Office programs. Outside BC, they participated in programs such as Habitat for Humanity and 4Boston.

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.

ODE News

The BC chapter of *Omicron Delta Epsilon* inducted 57 new members during the 2007–2008 academic year. Officers for the year were Katelyn Cournoyer and Jamison Davies, co-chairs; Alexander Stein, treasurer; Amanda LiDonni and Gregory Chellgren, peer advising coordinators; and Paula Finness, career network coordinator. ODE members provided peer advising prior to registration each session, worked as econ tutors for various BC offices, and represented the department at University functions. At the annual dinner in April, Prof. Joseph Quinn spoke about changes in retirement patterns.



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