

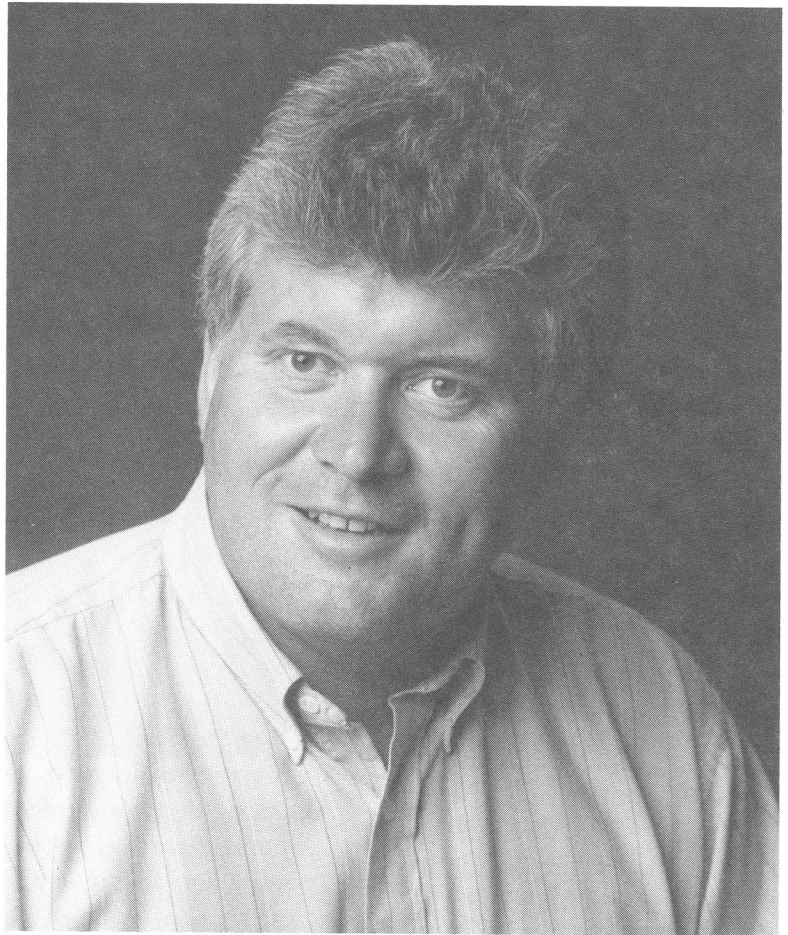
Message from the Head

The QED has been an active place in the two and a half years since the last *QED Newsletter* appeared – indeed, it has been so busy that despite our best intentions we did not manage to publish in either 1987 or 1988. To those of you who like to keep track of happenings at the QED we apologize for the hiatus – we hope that some of our many activities have one way or another involved you and thus have allowed you to keep in touch. And we hope that this issue of the *QED Newsletter* will once again bring you up to date on our activities.

One of the major sources of interest in the QED is, of course, the research of the faculty and graduate students. A great deal of this is captured in the summaries of individual faculty activities that appear later in the *Newsletter* – a distinctive feature of those reports is the tremendous amount of joint research that continues to be done. One can start with virtually any member of the QED and build a long “co-author chain” that will eventually touch a great many others. This reflects what I believe to be not only an extremely active faculty, but a remarkably collegial one.

And more and more, the “co-author” chains include graduate students. The PhD program has grown and strengthened over the past years. More and more students are finishing up on schedule – witness the list of degrees granted. And the Queen’s class of 1989 dominates the Canadian market for PhD’s in economics.

The basic structure of our teaching programs remains unchanged – enrolment in the honours program, the MA and the PhD programs are all up over the past two years. However, these programs have undergone some changes. During her two years as Undergraduate Coordinator, Nancy Olewiler oversaw a major curriculum reform of the



undergraduate program, adding depth to the required theory and quantitative courses while providing more scope for policy related options. Gordon Sparks then put the finishing touches in place during a year in the Undergraduate chair in 1988-89, so Mike Abbott inherited a finished product when he took over in the fall of 1989. Mike played a crucial role in one major part of the changes to the program – the honours thesis is now optional. With Mike’s leadership, over half of the graduating class continues to “opt in”. James MacKinnon served as graduate coordinator for three years, from the summer of 1986 through to the summer of 1989. Besides providing great material for the annual Christmas skits, James oversaw a number of changes, including a streamlining of process matching thesis super-

visors with students; much of the thanks for our improved "completion" rate is due to James. Another change is that while PhD students continue to write four comprehensive exams, supplementary oral exams have become the exception rather than the rule.

The John Deutsch Institute for the Study of Economic Policy continues to be another source of activity in the QED. Jack Mintz served three years as its Director, supported by Robin Boadway and Frank Flatters as Associate Directors. As reported elsewhere in this *Newsletter*, Jack not only maintained the Policy Forum and Roundtable activities, but introduced a number of new aspects to the JDI's portfolio. Rick Harris took over as Director in the fall of 1989 and has an active schedule of events planned for the next couple of years. In the fall of 1988 the newly established Queen's School of Policy Studies opened its doors, and we welcome Professor Thomas Courchene, formerly of the University of Western Ontario, as its new Director and as a new colleague in the QED. The John Deutsch Institute, while remaining an integral part of the QED, is now a part of the new School, and we look forward to a productive relationship.

We have been very successful in recruiting new faculty over the past three years. In 1987 James

Bergin, a Princeton PhD, joined us after spending two years teaching at Northwestern University. In 1988 two of our own PhD's, Mick Devereux and Allan Gregory, returned to join the faculty of the QED, and Gary Koop (a University of Toronto PhD candidate) came on board. And, as already noted, in 1988 Tom Courchene also came to the QED as the Stauffer-Dunning Professor and director of the new School of Policy Studies. In 1989 two new Assistant Professors joined the QED – Beverley Lapham from the University of Minnesota and Jang-Ok Cho from the University of Rochester. 1989 also saw the appointment of Stuart Turnbull, formerly of the University of Toronto, as the Bank of Montreal Professor of Finance; Stuart's appointment commences in January 1990 in the School of Business, and he will have a cross appointment in Economics. We have also had a large number of visiting faculty, many of whom are identified in the various reports that follow. The efforts of the revolving appointments group (while the group is revolving, I hope the appointments are not) have once again paid great dividends. I would like to take this opportunity to thank them, and to thank all of those people cited above, for their efforts on behalf of the QED, and for making my job as Head always manageable and sometimes even enjoyable.

Sadly, there are also losses to report. Dick Lipsey's departure became official, and Slobodan Djajic, David Backus, Ross Milbourne and Richard Arnott all resigned over this period. Each had contributed a great deal to the QED; we wish them all the best, and we look forward to seeing them back here often. I'm not sure who pointed out that most of these people have been co-authors of mine at one time or another; I'm sure the correlation is spurious but I do often find myself sitting alone at seminars now.

I invite you to delve into this *Newsletter* and refresh your acquaintance with the QED. Your reaction to the *Newsletter* and to the activities of the QED is always welcome, so please feel free to write. I hope to see many of you here in the next few years – you may be aware that Queen's celebrates its Sesquicentenary next year, and the annual Canadian Economics Association meetings will be held at Queen's in early summer of 1991. And if you feel the urge, send money; Queen's new fundraising campaign, "Queen's Challenge", is just being launched and donations earmarked for the John Deutsch Institute will be of great assistance to ensuring that its activities can continue.

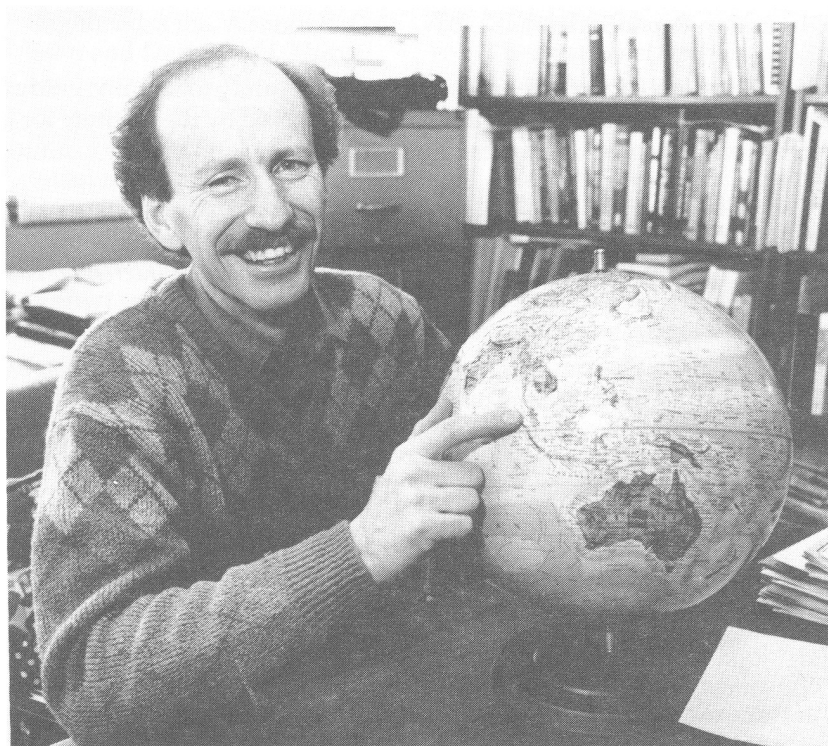
*Douglas D. Purvis, Head
December, 1989*

The Malaysian Project

In December 1989 Queen's signed a three-year agreement with the Canadian International Development Agency (CIDA) to assist the newly-created Malaysian Institute of Economic Research (MIER). The Coordinators of the project, which provides for CIDA funding of \$900,000, are Dr. Frank Flatters (Professor at Queen's and Associate Director for International Studies of the JDI) and Dr. Kamal Salih (Executive Director of the MIER). Queen's was awarded the contract because of its excellent reputation as a centre of economic policy discussion. The work on tax reform conducted at Queen's and the JDI is of particular importance since this is an issue of major concern in Malaysia.

The MIER is an independent, non-profit economic research organization. The main aim is to conduct independent problem-oriented research on issues of importance to public and private economic decision-makers in Malaysia. The JDI has been assisting by: (a) collaborating with MIER personnel in policy research, (b) facilitating linkages with other Canadian institutions who might provide similar help, (c) helping to organize research conferences and workshops, and (d) assisting in the purchase of software, hardware and other research materials essential to running the Institute.

Research areas in which assistance has been provided include: tax reform, tropical forest management, economic forecasting, fiscal federalism, labor market adjustment and commercial policies. In addi-



tion to faculty and students from Queen's, Canadian collaborators have included researchers from UBC, Alberta, the Conference Board of Canada, Acadia and Harvard. Collaboration has involved visits both of Canadians to Malaysia and Malaysians to Canada. One of the early manifestations of this work is a compilation of papers related to the Institute's research on tax reform and its implementation in recent Malaysian Budgets. This book, which includes several papers by Canadian researchers, is now in press in Malaysia.

The success of the first phase of this collaborative project has resulted in negotiations, currently under way with CIDA, for a five year renewal at significantly higher levels of funding.

Institute for Economic Research

Discussion Paper Series

The Discussion Paper Series provides an opportunity for faculty, graduate students and visitors at Queen's to circulate their research to a wide audience. Sponsored by the Institute for Economic Research, all of these publications receive wide distribution to academic, government and private institutions.

Titles issued in 1988 are listed below:

- 708 Yoshitugu Kanemoto and W. Bentley MacLeod
The Theory of Contracts and Labor Practices in Japan and the United States
- 709 Richard Arnott, Frank Lewis and Nancy Olewiler
Cigarette Smoking and Quitting: A Life-Cycle Approach
- 710 Naorayex K. Dastoor and Gordon Fisher
The Theory and Practice of Point-Optimal Testing
- 711 John M. Hartwick
Patent Races Optimal with Respect to Entry
- 712 John M. Hartwick
The "Duality" of Hetelling Rent and Economic Depreciation, and Growth Accounting Exhaustible Resources
- 713 Ian P. King
Frictional and Long-Term Unemployment in a Spatially Separated Economy
- 714 Ross D. Milbourne
A Theorem Regarding Elasticities of the Transactions Demand for Money
- 715 Ross D. Milbourne
Disequilibrium Buffer Stock Models: A Survey
- 716 Ross D. Milbourne and Gregor W. Smith
How Informative are Preliminary Announcements of the Money Stock in Canada?
- 717 Ross D. Milbourne, Richard Guay, Glenn Otto and Gregor W. Smith
Estimates of Canadian GDP, Monthly, 1962 to 1985
- 718 Ross D. Milbourne
Does Paying Interest on Bank Reserves Improve Welfare?
- 719 Peter G.C. Townley
Uncertain Lifetimes, Informational Asymmetries and Public Choice: Compulsory vs. Voluntary Social Security
- 720 Peter G.C. Townley
A Model of Retiree Demand for Life-Insured Annuities When Markets Fail and Optimal Public Provision is not Feasible
- 721 John M. Hartwick
Duopoly in Exhaustible Resource Exploration and Extraction
- 722 Richard J. Arnott
Housing Vacancies, Thin Markets and Idiosyncratic Tastes
- 723 Gregor W. Smith and R. Todd Smith
Stochastic Process Switching and the Return to Gold, 1925
- 724 Russell Davidson and James G. MacKinnon
A New Form of the Information Matrix Test
- 725 Allan W. Gregory and Gregor W. Smith
Calibration as Testing – Type I Error in the Equity Premium Puzzle
- 726 John M. Hartwick and David Yeung
Explaining Current Exhaustible Resource Prices with CAPM
- 727 David K. Backus and Allan W. Gregory
Risk Premiums in Asset Prices and Returns: A Comment on R.T. Baillie, "Econometric Tests of Rationality and Market Efficiency"
- 728 Robert Barro
1988 Mackintosh Lecture: The Ricardian Approach to Budget Deficit
- 729 Julian R. Betts
Two Exact, Non-Arbitrary and General Methods of Decomposition Analysis
- 730 Julian R. Betts
Sources of Employment Growth by Occupation and Industry in Canada: A Comparison of Structural Changes in the 1960's and 1970's
- 731 John M. Hartwick
Giffeness in Imports and Fluctuations in Import Prices for a Small Economy
- 732 Peter W. Kennedy
The Market Provision of Club Goods
- 733 Arman Mansoorian
Current Account Dynamics in a Heckscher-Olin Economy with Finite Horizons
- 734 M.C. Urquhart
Canadian Economic Growth 1870-1980
- 735 Robin Boadway and Neil Bruce
Problems with Integrating Corporate and Personal Income Taxes in an Open Economy
- 736 Robin Boadway, Maurice Marchand and Pierre Pestieau
Optimal Public Sector Employment Policy with Endogenous Involuntary Unemployment
- 737 Richard Guay, Ross D. Milbourne, Glen Otto and Gregor W. Smith
Estimates of GDP, 1961 to 1985

- Titles for 1989 include:
- 738 C. Bram Cadsby and Murray Frank
Experimental Tests of Ricardian Equivalence
- 739 Richard Arnott, Ralph Braid, Russell Davidson and David Pines
A General Equilibrium Spatial Model of Housing Quality and Quantity
- 740 Ben Lockwood
Information Externalities in the Labour Market and Their Implications for the Duration of Employment
- 741 John M. Hartwick
I. *NNP and Economic Depreciation of Natural Resource Stocks*
II. *The Non-Renewable Resource Exploring-Extracting Firm and the $r\%$ Rule*
- 742 Jan Bartholdy, Gordon Fisher and Jack Mintz
An Empirical Study of the Impact of Corporate Taxation on the Debt Policy of Canadian Firms
- 743 Michael B. Devereux and Ben Lockwood
Trade Unions, Non-Binding Wage Agreements, and Capital Accumulation
- 744 Richard Harris and Victoria Kwakwa
The 1988 Canada-United States Free Trade Agreement: A Dynamic General Equilibrium Evaluation of the Transition Effects
- 745 Neil Bruce
Defense Expenditures by Countries in Allied and Adversarial Relationships
- 746 P.A. Sadorsky
Measuring Resource Scarcity in Non-Renewable Resources with Inequality Constrained Estimation
- 747 Raghendra Jha, Anandi P. Sahu and Laurence H. Meyer
The Fischer Equation Controversy: A Reconciliation of Contradictory Results
- 748 Julian R. Betts
Technological Change, Sectoral Shifts and the Distribution of Earnings: A Human Capital Model
- 749 Michael B. Devereux
Government Purchases and Real Interest Rates with Endogenous Time Preferences
- 750 Ross D. Milbourne, Douglas D. Purvis and W. David Scoones
Unemployment Insurance and Unemployment Dynamics
- 751 James Bergin
A Model of Strategic Behaviour in Repeated Games
- 752 James Bergin and Bentley MacLeod
Efficiency and Renegotiation in Repeated Games
- 753 James Bergin and Bentley MacLeod
Renegotiation Proof Equilibria in Continuous Time Games
- 754 Glenn Otto and Tony Wirjanto
National Savings and Domestic Investment in the Long Run: Some Time Series Evidence
- 755 Tony Wirjanto
Testing the Permanent Income Hypothesis: The Evidence from Canadian Data
- 756 Dan Usher
Six Models of Advertising Welfare
- 757 John M. Hartwick
I. *The Economics of Durable Exhaustible Resources*
II. *Mining Gold for the Currency and Optimal Real Balances*
- 758 Richard G. Harris
The New Protectionism Revisited
- 759 Kenneth J. McKenzie
The Neutrality of Business Taxation in the Presence of Capital Adjustment Costs and Risk
- 760 M. Dan Bernhardt and James Bergin
Anonymous Sequential Games with Aggregate Uncertainty
- 761 Michael B. Devereux and Shouyong Shi
Capital Accumulation and the Current Account in a Two-Country Model
- 762 John R. Baldwin and Paul K. Gorecki
Firm Turnover and Market Structure: Concentration Statistics as a Misleading Practice
- 763 Richard G. Harris
Contingent Protection, and the International Distribution of Excess Capacity
- 764 M. Dan Bernhardt
Skill Profiles, Observability and Firm Hierarchies: A Theory of Promotion and Compensation
- 765 Merwan Engineer and M. Dan Bernhardt
Barter and Money, and the Optimality of Legal Restrictions
- 766 Richard G. Harris
Trade and Industrial Policy for a "Declining?" Industry: The Case of the US Steel Industry

C.A. Curtis Prize Recipients

In 1985 the C.A. Curtis Prize in Economics was established in memory of the late Professor C.A. Curtis by a group of colleagues and former students. Professor Curtis taught economics at Queen's from 1927 to 1969 and was Dean of the School of Graduate Studies and Research from 1964 to 1968. The prize is awarded annually to the person judged to have written the best doctoral thesis in economics during the

two preceding calendar years. Selection of the prizewinner will be made by a committee of faculty members from the Department of Economics.

The 1988 prizewinner was Yaman Asikoglu for his 1987 thesis entitled "Macroeconomic Interdependence and Policy Coordination between Europe and the United States: A Game-Theoretical Approach", supervised by D.D.

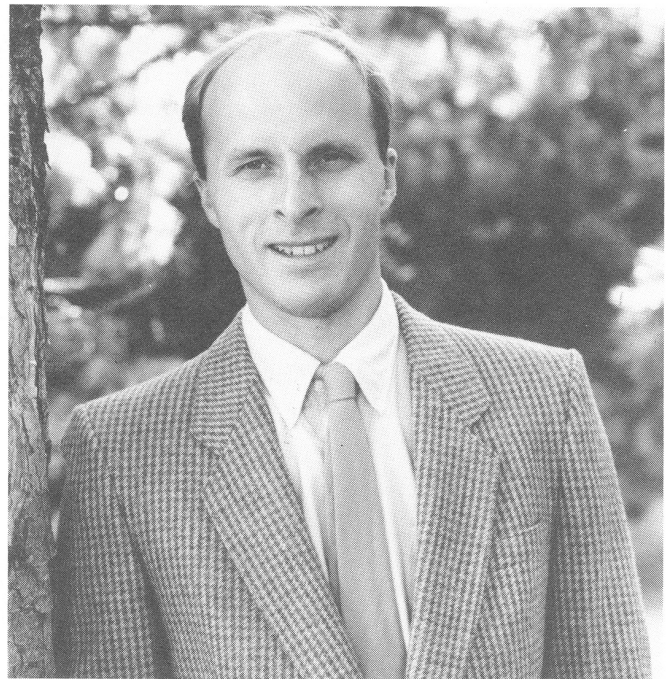
Purvis and D.K. Backus. Yaman is currently on faculty in the Economics Department at New York City College.

In 1989 Merwan Engineer won the prize for "Essays on the Structure of Financial Institutions". Merwan completed his PhD in 1988 and now holds a position at the University of Guelph. His thesis was supervised by D. Bernhardt and D.K. Backus.

Polanyi Prize in Economics Awarded

The John Charles Polanyi Prizes were established by the Government of Ontario in honour of the achievement of John Charles Polanyi, co-recipient of the 1986 Nobel Prize in Chemistry. Up to five prizes are awarded annually to outstanding young researchers who are continuing to post-doctoral studies at an Ontario university. The prizes are available in the areas of Physics, Chemistry, Physiology or Medicine, Literature and Economic Science.

The 1988 winner of the Polanyi Prize in Economics was Professor Gregor Smith. Gregor joined the QED in 1986 after completing his PhD at Oxford University. He is currently in the second year of a SSHRCC post-doctoral fellowship.



Faculty Activities

Mike Abbott's fields of study are applied economics and econometrics. In 1988-89, he collaborated with Charles Beach and Stephan Kaliski on a project entitled: "A Framework for Studying Labour Market Adjustment in Canada Using the 1986 Labour Market Activity Survey." The project was funded by Statistics Canada and by Employment and Immigration Canada. His other research areas included: "Alternative Estimates of Union-Nonunion and Public-Private Wage Differentials in Ontario, 1981" with Thanasis Stengos; "Self-Employment Among Native-Born Canadian Men: An Empirical Analysis" with Charles Beach; and "Functional Form and the Specification of Salary Functions for Nonwhite and White Major League Baseball Players" with Clifford Reid.

During 1988, Mike presented papers at conferences in Windsor and at Queen's. In 1989 he gave a paper with Charles Beach at the 64th Annual Conference of the Western Economics Association International in Lake Tahoe, Nevada. The paper was titled "Immigrant Earnings Differentials in Canada and the 1965 Change in United States Immigration Policy." Also in 1989, he presented a paper, "Preliminary Evidence on Labour Market Change from the 1986 Labour Market Activity Survey" with Charles Beach and Stephan Kalis-

ki to the Federal-Provincial Conference on Labour Statistics in Ottawa.

His publications during 1988-89 included: "Immigrant Earnings Differentials in Canada: A More General Specification of Age and Experience Effects" with Charles Beach, which appeared in *Empirical Economics*. His chapter: "Immigration and Labour Market Adjustment" is in Charles Beach and Alan Green (eds.) *Policy Forum on the Role of Immigration in Canada's Future* (Kingston, Ont.: John Deutsch Institute, Queen's University, 1989); and "Equal Value Tests for Pay Equity" is in Richard Chaykowski (ed.) *Pay Equity Legislation: Linking Economic Issues and Policy Concerns* (Kingston, Ont.: Centre for Industrial Relations, Queen's University, 1989).

In July 1988, Mike became Departmental Undergraduate Thesis Coordinator. He assumed the Chair of Undergraduate Studies in August 1989 and continued as Chair of the Departmental Computing Committee. He is the representative from the Department to the University Computing and Communications Services Committee, and is a member of the Faculty Board of the School of Industrial Relations.

John Baldwin spent 1988-89 in Ottawa as a Research Fellow at Statistics Canada. In addition, he and Marvin McInnis led a

research group involving several members of the department that worked on "The Emergence of a North American Market." This was part of a large multi-disciplinary comparative study of Canada and the United States funded by the Donner Canadian Foundation.

During 1988, John presented papers at conferences in Ottawa, Washington, Cambridge MA, Rotterdam, Paris, and West Berlin. In June 1989 he gave a paper titled "Measures of Dynamic Market Structure: Concentration and Mobility Measures" to the Annual Meetings of the Canadian Economics Association in Quebec City.

He published two monographs in 1989: *Structural Change and the Adjustment Process: Perspective of Firm Growth and Worker Turnover* (Ottawa: Economic Council of Canada, 1989); and *Regulatory Failure and Renewal: The Evolution of the Natural Monopoly Contract* (Ottawa: Economic Council of Canada, 1989). His articles included: "Measuring the Dynamics of Market Structure" in *Annales d'Economie et de Statistique*; and a variety of Discussion Papers for the Institute for Economic Research, Queen's University.

John was Chair of the Canadian Economics Statistics Committee until the end of 1989.

Charles Beach continued his work on the joint project entitled

"A Framework for Studying Labor Market Adjustment in Canada Using the 1986 Labour Market Activity Survey" with Mike Abbott and Stephan Kaliski. He was also involved in a number of projects on income distribution and immigrant earnings differentials. In this context, Charlie worked with George Slotsve (Vanderbilt University) and Richard Chaykowski (Queen's Centre for Industrial Relations) on "Short-Run Fluctuations and Trends in the United States Income Distribution, 1968-85: A Lorenz Curve Microanalytic Approach."

During 1988 and 1989, Charlie attended conferences and gave papers in Banff, Washington, Windsor, Hamilton and Toronto. His papers included: "A Study of the Adoption of the Canadian Labour Market" with Mike Abbott and Stephan Kaliski, given in Ottawa; "A Proposal for a National Panel Study of the Social and Economic Dynamics of Making a Living" with Paul Bernard, Jim Davis, and Roberta Robb, presented in Quebec City; and "Immigrant Earnings Differentials in Canada and the 1965 Change in United States Immigration Policy" with Mike Abbott given in Lake Tahoe, Nevada.

In 1988, Charlie published *Taxation and Savings in Canada* with Robin Boadway and Neil Bruce; "Family Background in an

Extended Earnings-Generation Model: Further Evidence" with Ross Finnie, in *Eastern Economic Journal*; and "Income Distribution and the Macroeconomy" in the *Economic Journal*.

His 1989 publications include: *Policy Forum on the Role of Immigration in Canada's Future*, with Alan Green (ed.) (Kingston, Ont.: John Deutsch Institute, Queen's University, 1989); "Dollars and Dreams: A Reduced Middle Class? - Alternative Explanations," in the *Journal of Human Resources*; "Immigrant Earnings Differentials in Canada: A More General Specification of Age and Experience Effects" with Mike Abbott, in *Empirical Economics*; and "Factors Behind the Changes in Canada's Family Income Distribution and the Share of the Middle Class" with Catherine McWatters, in *Relations Industrielles*.

Charlie has had a diverse set of administrative responsibilities. In 1988, he served as an Undergraduate Advisor and Graduate Placement Officer, and a member of the Departmental Computing Committee and the Malone Fellowship Committee. In 1989 he succeeded James MacKinnon as the Departmental Coordinator of Graduate Studies. He was also a member of the John Charles Polanyi Prize Selection Committee for the Ontario Council of Graduate Studies, a consultant to the Economic Council of Canada on the evaluation of an adminis-

trative-based household panel database, and an advisor to Statistics Canada on the construction of the two-year LMAS datafile for Canada.

Jim Bergin received a two-year SSHRCC grant for research on a theory of continuous time games. With this support, he continued his work on "Renegotiation in Repeated Complete and Incomplete Information Games" and "Anonymous Sequential Games."

Jim presented "A Model of Strategic Behavior in Repeated Games of Continuous Time" at the Ohio Game Theory Conference, the North American Meetings of the Econometric Society, and the European Economic Association Meetings. In addition, he and Bentley MacLeod presented a paper titled "Efficiency and Renegotiation in Repeated Games" at the Western Conference on Game Theory and the European Econometric Society Meetings.

In 1988 his publications included: "A Characterization of Sequential Equilibrium Strategies in Infinitely Repeated Incomplete Information Games" in the *Journal of Economic Theory*; and "We Eventually Agree" in *Mathematical Social Sciences*. In 1989 Jim published "Information Revelation in Infinitely Repeated Games of Incomplete Information" in *Mathematics of Operations*

Research, "Stochastically Monotone Functions" in *Econometrica*, and "Entry, Sunk Costs and Renegotiation in Duopoly" with Bentley MacLeod in *Annales de Insee*.

Dan Bernhardt was awarded a SSHRCC Post-doctoral Fellowship for 1989-90. He collaborated with scholars from Queen's and elsewhere on a number of research projects including: "Trade in Dealership Markets - Theory," and "Intraday Trade in Dealership Markets" with Eric Hughson; "Bayesians and 'Excess Volatility'" with Burton Hollifield (CMU); "Discrete Pricing and Dealer Competition" with Eric Hughson; and "Business Cycles and Darwinian Competition" with Jim Bergin.

In 1988, Dan presented a paper titled "Menu Costs, Sticky Prices and Strategic Firm Interaction" at a seminar in Pittsburgh. In 1989, he attended the Canadian Economic Theory Meetings, and delivered a paper entitled "Trade in Dealership Markets: Theory" with Eric Hughson; he also presented "Skill Profiles, Observability and Firm Hierarchies: A Theory of Promotion and Compensation" at the meetings of the Econometric Society and the CETM.

His publications in 1988 included: "Money and Loans" in the *Review of Economic Studies*; and "Free Trade in Multi-Coun-

try Quota Games" with Alice Enders, which appeared in the *Journal of International Economics*. In 1989 Dan published "Multi-period Wage Contracts and Productivity Profiles" with Gerald Timmis, in the *Journal of Labor Economics*, and "Borrowing Constraints, Occupational Choice and Labor Supply" with David Backus, also in the *Journal of Labor Economics*. In addition, Dan organized the 1989 Fall Microeconomic Workshop.

Robin Boadway is a specialist in public finance, and his research interests have included: optimal intergenerational transfers, optimal taxation and occupational choice, tax reform in less-developed countries with reference to Malaysia, income and consumption tax design in an open economy, and the effect of federal transfers on provincial finances.

Robin presented his work at conferences and seminars in Windsor, Kingston, Indiana, Vancouver and Toronto. As well, he gave a paper titled "Corporate Tax Harmonization: Lessons from the Canadian Experience" at the Institute for Fiscal Studies Fourth Residential Conference in Oxford, England. His other papers included: "Federal-Provincial Fiscal Relations in the Wake of Deficit Reduction" presented to the Institute of Intergovernmental Relations Adviso-

ry Council Meeting; "Federal-Provincial Fiscal Relations at the Crossroads" delivered to the Canadian Tax Foundation Conference on Provincial Finances in Toronto; "Tax-Transfer Policies and the Voluntary Provision of Public Goods" given at the Canadian Economics Association Annual Meeting in Quebec City; "The Short Run and Long Run Welfare Effects of Implementing a Practical System of Consumption Taxation" presented to the Conference on Taxing Consumption, University of Heidelberg, West Germany; and "Pressures for Harmonization of Corporate and Personal Taxation Between Canada and the United States" delivered at the Stanford Meeting of the US-Canada Tax Project, Stanford, California.

In 1988, Robin published "Social Security and the Failure of Annuity Markets" with Peter Townley, in the *Journal of Public Economics*, and "Measuring Marginal Effective Tax Rates: Theory and Application to Canada" in *Annales d'Economie et de Statistique*. In addition, he co-authored a book, *Taxation and Savings in Canada*, with Charles Beach and Neil Bruce (Ottawa: Economic Council of Canada, 1988). He also contributed the entry on "Public Finance" in the *Canadian Encyclopedia*, and co-authored a chapter titled "Economic Policy Implications of the Meech Lake Accord" with Jack

Mintz and Doug Purvis, which appeared in Katherine Swinton and Carol Rogerson, (eds.), *Competing Constitutional Visions: the Meech Lake Accord* (Toronto: Carswell, 1988).

In 1989 Robin's publications included: *Federal and Provincial Taxation of the Canadian Mining Industry: Impact and Implications for Reform*, with Kenneth McKenzie and Jack Mintz (Kingston, Ont.: Centre for Resource Studies, 1989); "A Median Voter Model of Social Security" with David Wildasin, in *International Economic Review*; "Tax Transfer Policies and the Voluntary Provision of Public Goods" in the *Journal of Public Economics*; and "Non-Cooperative Behavior and Efficient Provision of Public Goods" with Pierre Pestieau and David Wildasin in *Public Finance*. He also has chapters in five recently published books on such subjects as federal-provincial fiscal relations, corporate tax harmonization, and the role of government in a market economy.

Robin assisted with the Economics Thesis Seminar and chaired the Doctoral and Post-doctoral Fellowship Committees for SSHRCC. He is on the Executive Committee of the Institute of Intergovernmental Relations, is Associate Director of the John Deutsch Institute, and is on the Council of Advisors of the C.D. Howe Institute in Toronto. As well, he is the Managing Editor of the *Canadian Journal of Economics*.

Neil Bruce's current research projects include efficient tax reforms without lump-sum taxes, taxation of multi-national corporations and corporate tax neutrality. He collaborated with Robin Boadway on "Pressures for Harmonization of Corporation and Personal Income Taxes between Canada and the United States." This project was sponsored by the Donner Foundation and the NBER. Neil gave several conference papers, including: "Efficiency Improving Tax Reforms Without Lump-Sum Tax/Transfers" at the John Deutsch Institute Fiscal Studies Workshop; "Defence Expenditures by Countries in Allied and Adversarial Relationships" at the University of Colorado; "Measuring Industrial Subsidies" at the OECD.; and "Time Consistent Policy and the Structure of Taxation" at the University of British Columbia and the University of Washington.

In 1988, Neil published "The Impact of Tax Reform on International Capital Flows" in *The Impact of Canadian Tax Reform*, and "Ability to Pay and Comprehensive Income Taxation" in *The Quest for Tax Reform*. His 1990 publications included: "The Samaritan's Dilemma Meets the Rotten-Kid Theorem" with Mike Waldman, in the *Quarterly Journal of Economics*; "Defence Expenditures by Countries in Allied and Adversarial Relationships" in *Defence Economics*; and "Path-

ways to Tax Expenditures: A Survey of Conceptual Issues and Controversies" in *Tax Expenditures and Government Policy* (Kingston, Ontario: John Deutsch Institute, 1990). His paper entitled "Time Consistent Policy and the Structure of Taxation" appeared as Queen's Discussion Paper 777.

Neil was a member of the Departmental Appointments Committee, and spent his 1989-90 sabbatical leave at the University of Colorado.

Lorne Carmichael spent the fall term of his 1988-89 sabbatical leave in Vancouver at the University of British Columbia. His work on the "Theory of Organizations" has been funded by a three-year SSHRCC grant. He also worked on "Labour Hoarding in the Theory of Unemployment."

During the winter of 1989, Lorne visited the Australian National University (ANU). While there, he presented seminars on "Technical Change and the Japanese Firm" and "Labour Hoarding and Unemployment." He also gave a paper entitled "Decision-Making in Teams" at the Australian Graduate School of Management and at Flinders University. In 1988 he published "Incentives in Academics: Why is there tenure?" in the *Journal of Political Economy*. His 1989 publications included: "Efficiency Wage Models of Unemployment

– A Survey” in *Economic Inquiry*; and “Self-Enforcing Contracts, Shirking, and Life Cycle Incentives” in the *Journal of Economic Perspectives*.

Lorne has been on the Departmental Hiring Committee and the Graduate Studies Committee. He has appeared on the TV Ontario program *Speaking Out* as a panelist on the issue of mandatory retirement. He is an Advisory Editor of *Economic Letters*.

Jang Ok Cho was welcomed into the Department during the summer of 1989 from the University of Rochester. His current research interests include: “Market Structure and the Business Cycle” and “Money, Nominal Contracts, and the Business Cycle.” He collaborated with colleagues at several universities on a number of projects, including: “Specialization, Money and Equilibrium” with Thomas Cooley (University of Rochester); “Labor Utilization and Aggregate Fluctuations” with Mark Bills (Hoover Institution and University of Chicago); and “Indivisible Labor, Risk Sharing and Aggregate Fluctuations” with Richard Rogerson (Stanford University).

Jang presented a paper titled “Indivisible Labor, Risk Sharing and Aggregate Fluctuations” at the Macroeconomics Workshop at Queen’s.

He taught the advanced graduate course in money and macroeconomics in the winter of 1989.

Tom Courchene arrived at Queen’s in the summer of 1988 from the University of Western Ontario. He accepted the appointment of Director of the newly created School of Policy Studies and was made the Stauffer-Dunning Professor of Policy Studies as well. Under Tom’s direction, a major thrust of the new School will be the development of a Masters of Public Policy program. A new building adjacent to MacDonald Hall on Union Street will house the School of Policy Studies and a number of other institutes at Queen’s.

Tom published *What Does Ontario Want?: The Coming of Age of Robarts’ Confederation of Tomorrow Conference*, the 1988 Robarts Lecture (Toronto: Robarts Centre for Canadian Studies, York University, 1989). In addition, he contributed chapters to a number of books, including: “Personal Income Taxation” in Mel McMillan (ed.) *Provincial Finances: Plaudits, Problems and Prospects* (Toronto: Canadian Tax Foundation, 1990); “Meech Lake and Federalism: Accord or Discord” in Katherine Swinton and Carol Rogerson (eds.) *Competing Constitutional Visions: The Meech Lake Accord* (Toronto: Carswell, 1989); and “Financial Deregulation Policy: Observations of a Non-Player” in *Legislative and Regulatory Harmony: The Key to Competitiveness* (Ottawa: Trust Companies Association, 1989).

Tom is a member of the board of directors of the John Deutsch Institute, the Centre for Resource Studies, the Centre for Industrial Relations, the School of Urban & Regional Planning, the School of Public Administration, Institute of Intergovernmental Relations, and the School of Policy Studies.

Russell Davidson spent 1988-89 on leave in Marseilles with a two-year grant from the SSHRCC to work on finite-sample properties of test statistics. As well, he has been collaborating with James MacKinnon on an advanced graduate econometrics text for Oxford University Press. Russell presented papers at: GREQE, Marseilles; Toulouse; the Statistical Institute INSEE in Paris; and the Econometric Study Group at Bristol.

During 1988-89, he published three articles with James MacKinnon: “Double Length Artificial Regressions” in the *Oxford Bulletin of Economics and Statistics*; “Testing for Consistency Using Artificial Regressions” in *Econometric Theory*; and “Testing the Specification of Econometric Models in Regression and Non-regression Directions” in a book entitled *Telecommunications Demand Modelling* (North Holland). He also published “On the Welfare Effects of Anti-discrimination Regulations in the EC Car Market” with Matthias Dewatripont, Martine Labb, and Victor

Ginsburgh in the *International Journal of Industrial Organization*.

Russell is an associate editor of *Econometrica* and of *Regional Science and Urban Economies*.

Michael Devereux joined the QED in the fall of 1988 after spending three years at the University of Toronto. He is supported by the Queen's National Scholar's program and the second year of a SSHRCC Post-doctoral Fellowship. During 1988-89 Michael presented papers at the Conference on Labour Markets and Adjustment, in Warwick, U.K., and the Conference on Debt and Deficits at McGill, Montreal.

Journal articles published in 1988 included: "Nontraded Goods and the International Transmission of Fiscal Policy" in *The Canadian Journal of Economics*; "The Optimal Mix of Wage Indexation and Foreign Exchange Market Intervention" in the *Journal of Money, Credit and Banking*; "A Positive Theory of Inflation and Inflation Variance" in *Economic Inquiry*; and "The International Coordination of Macroeconomic Policies: A Review" with Thomas Wilson in *Canadian Public Policy*. In collaboration with David Backus and Doug Purvis, Michael also contributed a chapter entitled "A Positive Theory of Fiscal Policy for Open Economies" to *International Aspects of Fiscal Policies* (Chicago: University of Chicago Press and NBER, 1988).

In 1989, Michael published a paper with Simon Anderson (Virginia), "Profit Sharing and Optimal Labour Contracts" in the *Canadian Journal of Economics*. Further articles included: "International Cooperation, Precommitment and Welfare" in the *International Economic Review*; "Fiscal Policy and the Real Exchange Rate" with Doug Purvis, in the *European Economic Review*; and "Trade Unions, Non-binding Wage Agreements and Capital Accumulation" with Ben Lockwood (Birkbeck) in the *European Economic Review*.

Michael's Departmental administrative duties included membership on the Appointments Committee during 1989-90.

Gordon Fisher received SSHRCC funding for research under the title, "The Impact of Taxation on Business Finance." In connection with this work, two jointly-authored QED Discussion Papers have been produced with Jan Bartholdy and Jack Mintz: "Taxation and the Firm's Leverage Decision: A Survey of Theoretical Issues" and "An Empirical Study of the Impact of Corporate Taxation on the Debt Policy of Canadian Firms." The latter paper was presented at Simon Fraser University, the University of Alberta, the University of Sydney, the Australian Meeting of the Econometric Society and the

Annual Conference of the Australian Finance and Banking Association.

In 1988 Gordon published two articles with Naorayex Dastoor: "On Point-optimal Cox Tests" in *Econometric Theory*; and "The Theory and Practice of Point-optimal Testing" in *Econometric Reviews*.

Frank Flatters' research interests encompass a variety of economic policy issues in developing countries. He is the coordinator of the Queen's Malaysian Institute of Economic Research (MIER) Project with three-year funding from CIDA. In 1989, he worked with the Harvard Institute of International Development (HIID) on their Indonesian Trade Policy, and Thailand Development Research Institute Projects. He has been collaborating with Bentley MacLeod on "A Model of Administrative Corruption and Taxation."

In 1988 he presented a paper titled "Trade Policy Reform in Indonesia" at the HIID Conference on Systems Reform in Developing Countries. In 1989, his papers included: "Tax-Induced Investment Distortions in Malaysia: The Direct Tax System" with Robin Boadway and Dale Chua presented at a MIER seminar in Kuala Lumpur; "Federal-Provincial Fiscal Relations Revisited: Some Consequences of

Recent Constitutional and Policy Developments" with Robin Boadway at the Canadian Tax Foundation Conference; and "Thailand: Prospects and Perils in the World Economy" with David Dapice at the Thailand Development Research Institute (TDRI) Year End Conference in Thailand.

Frank's publications included: "Tax Expenditures and Alternatives for Evaluating Government Activities Conducted Through the Tax System" with Robin Boadway, in Neil Bruce (ed.) *Tax Expenditures and Government Policy* (Kingston, Ont.: John Deutsch Institute, 1988); "Federal-Provincial Relations Revisited: Some Consequences of Recent Constitutional and Policy Developments" with Robin Boadway in Mel MacMillan (ed.) *Provincial Finances: Plaudits, Problems and Prospects* (Toronto: Canadian Tax Foundation, 1990); and "Tax-Induced Investment Distortions in Malaysia: The Direct Tax System" with Dale Chua and Robin Boadway in *Malaysian Economic Outlook*.

Frank is an Associate Director (International Studies) of the John Deutsch Institute, and was a member of the Working Group on the Masters of Public Policy Program.

Alan Green received a SSHRCC grant for a project with Gordon Sparks on "Business Cycles in

Canadian History," and continued his work on "Comparative Productivity of Canadian and US Manufacturing" with John Baldwin. He remained part of a large multi-disciplinary comparative study of Canada and the United States funded by the Donner Canadian Foundation; and received support from the Ministry of Mines and Northern Development for his work "Evolution of Manufacturing Component in the Ontario Metal Mining Industry" with Ann Green. Alan is currently working on a Canadian Economic History text, and is examining "Comparative Unemployment Between Canada and the US during the 1930s" with Mary Mackinnon.

In 1988, Alan attended the Canadian Economics Association meetings in Windsor, presented a paper at the NBER Summer Workshop in Cambridge MA, and organized a Policy Forum for the John Deutsch Institute with Charles Beach on "The Role of Immigration in Canada's Future." In 1989, he organized a session with Lance Davis (CIT) at the Second International Cliometrics Conference in Santander, Spain; he and David Green also presented a paper on "Balanced Growth and the Geographical Distribution of European Immigrant Arrivals to Canada, 1900-1914" at the same conference. Alan was the program organizer for the XVth Conference on

Quantitative Methods in Canadian Economic History Conference in Toronto. He also presented "Regional Employment in the Depression: A Northern View" with Mary MacKinnon at the NBER Workshop on Development of the American Economy, and served on two panel discussions on "Immigration Issues and Concerns" for the Canadian Centre for Management Development in Ottawa.

Alan's publications included: "Unemployment and Relief in Canada" with Mary MacKinnon, in Barry Eichengreen and T.J. Hatton (eds.) *Interwar Unemployment: Historical Perspective* (Kluwer, 1988); "A Macro Interpretation of Economic Recovery from the Great Depression: Australia vs. Canada" with Gordon Sparks, in Noel Butlin (ed.) *Recovery from the Depression* (Cambridge MA: Cambridge University Press, 1989); and *Policy Forum on the Role of Immigration in Canada's Future* with Charles Beach (Kingston, Ont.: John Deutsch Institute, Queen's University, 1989).

Alan was the Admissions Officer for the Departmental Graduate Program until July 1989, and he remains an undergraduate advisor. He is also a member of the Graduate School Steering Committee, the Graduate Council, and the Review Committee for the Appointment of Editors for the McGill-Queen's Universi-

ty Press. In addition, Alan has undertaken a major responsibility for the University as Chair of the Building Committee of the Library of the 21st Century.

Allan Gregory's current research projects include: "Estimation of Long-run and Short-run Parameters in Integrated Environments;" and "Term Structure and Unexpected Utility," which is being conducted with Graham Voss. Allan received a grant from SSHRCC for his research on "Markov Chain Tests of Long-run Relationships", as well as grants from the Queen's Advisory Research Council and the Principal's Development Fund.

In 1988, Allan presented his work in seminars at the University of Montreal, Brock University and Queen's. In 1989, he and David Backus gave a paper entitled "Theoretical Relations Between Risk Premiums and Conditional Variances" at a special session of the Review of Financial Studies at the Western Finance Association in Seattle, and at the Conference on the Econometrics of Finance at Stanford University. In addition, Allan gave a paper on "Calibration as Testing: Type I Error in the Equity Premium Puzzle" to the Canadian Economics Association meetings in Quebec City.

Allan's publications in 1988 included: "A Nonparametric Test

for Autoregressive Conditional Heteroskedasticity (ARCH): A Markov Chain Approach" in the *Journal of Business and Economic Statistics*; "Econometric Tests of Rationality and Market Efficiency" with David Backus, in *Econometric Reviews*; and "Markov Chain Tests of the Unbiasedness Hypothesis in the Forward Foreign Exchange Market" with Michael Sampson, in the *Journal of Quantitative Economics*.

In 1989, Allan published "Risk Premiums in the Term Structure: Evidence from Artificial Economies" with David Backus and Stan Zin in the *Journal of Monetary Economics*. In addition, a chapter entitled "Estimating Euler Equations from Linear Quadratic Models," written with Adrain Pagan and Gregor Smith, appeared in P.C.B. Phillips (ed.) *Essays in Honour of Rex Bergstrom*; and "The Effect of Sampling Error on the Time Series Behavior of Consumption Data: A Comment," with Tony Wirjanto, is forthcoming in the *Journal of Econometrics*.

Allan's administrative duties included membership on the Appointments Committee, and Director of the Summer Research Institute and the Quantitative Workshop.

Jon Harkness's research interests included: "Health and Unemployment," "Constructing an Index of Disability," and "Is

There Really 100% Labour Force Participation by the Physically Challenged?" Another area of study was "Insurance-Induced Unemployment in Canada." Jon's published articles included: "The Economic Cost of AIDS in Canada" in *Canadian Public Policy*; and "Marshall, Lerner and Botha: Canada's Economic Sanctions Against South Africa" also in *Canadian Public Policy*.

In the Department, Jon co-ordinated the MA Theses and Essays as well as the Institute of Economic Research Discussion Paper Series. He is a member of the Selection Committee for the C.A. Curtis Prize given annually to the student with the most outstanding PhD thesis.

Richard Harris was the recipient of a senior Killam Research Fellowship which enabled him to spend 1988-89 at the University of Colorado at Boulder. His research interests included the "Transitional effects of the Canada-US Free Trade Agreement" with Victoria Kwakwa; "Services and Trade in the Canadian Economy" with David Cox; "Global Excess Capacity in Basic Industries and the Problems of Small Open Economies"; and "The Dynamics of Imperfect Competition and Adjustment to Trade Liberalization." Rick was awarded the 1988 Queen's University Prize for Excellence in Research.

Rick attended and gave papers

at a number of conferences: the Canadian Economics Association, the Royal Society of Canada, the Davis and Ford Foundation Conference on Market Access at the University of California, and the American Economics Association. Rick was a member of the Department's recruiting committee at the American Economics Association meetings in New York; and in 1989-90 he was the Director of the John Deutsch Institute.

John Hartwick received a grant from the Economic Council of Canada to work on "National Accounting and Equity Across Generations." In 1989 he was given a further Economic Council Grant for his project "National Accounting in Growth with Natural Resources." In 1988 he attended Canadian Economic Association meetings in Windsor and the American Economic Association meetings in New York. In 1989 he presented a paper at Project GREEN at Laval; and gave papers in seminars at the Economic Council (Ottawa) and at Ottawa University. In 1988, John published: "Robert Wallace and Malthus and the Ratios" in *History of Political Economy*; and "Interest Rate and Output Price Uncertainty and Industry Equilibrium for Non-Renewable Resource Extracting Firms" with David Yeung (Windsor), in *Resources and Energy*. Pub-

lications in 1989 included a monograph entitled *Non-renewable Resources: Extraction Programs and Markets*; and "On the Development of the Theory of Land Rent" in *Land Economics*.

John coordinated the undergraduate intermediate microeconomics course, and was a member of the Faculty of Arts and Science Admissions Committee and the Graduate Council.

Paul Hobson visited Queen's from Acadia University from September 1988 to August 1990. He received a SSHRCC grant to study "A Numerical General Equilibrium Model for Atlantic Canada" with K. Cary Grant, Nova Scotia Agricultural College. His other areas of research included "Local Public Finance and Regional Economics"; "Capital Tax Reform" with Wayne Thirsk; and "Regional Policy in Atlantic Canada." Paul also spent a month in Malaysia as an exchange staff member at MIER as part of the Queen's-MIER CIDA project doing research on "Federal State Fiscal Relations in the Malaysian Federation."

While at Queen's, Paul organized a John Deutsch Institute Workshop on Local Public Finance in October, 1989. He also worked with Doug Auld and Harry Kitchen on a project for the Ontario Ministry of Municipal Affairs entitled, "Utilization of the Property Tax: An Economic

Analysis." He completed his term on the Board of Editors of the *Canadian Journal of Economics* and was elected to the executive of the Canadian Economics Association.

Paul had several papers accepted for publication: "Local Government in Canada: Creature, Chameleon, Consort" in *Canadian Tax Foundation, Provincial/Local Finances* volume; "On the Form of the Locational Efficiency Condition in Local Public Goods Models" in *Canadian Journal of Economics*; "Foreign Tax Credits, the Supply of Foreign Capital and Tax Exporting: A Numerical General Equilibrium Model of Corporate Tax Reform in Canada" (with Wayne Thirsk and Sylvester Damus) in the *Journal of Public Economics*; and "Spatial Pricing Policy and the Henry George Theorem in an Optimally Sized Market with Land Rents" in *Economic Letters*.

Paul presented papers at the Canadian Regional Science Association meetings, the Canadian Economics Association meetings, the JDI workshop on Local Public Finance, Trent University and Acadia University.

Steve Kaliski spent 1988-89 on sabbatical leave. During part of that time he was at Statistics Canada working with the Longitudinal File Data. In addition, he worked on a joint project with Charles Beach and Michael

Abbott titled, "A Model of Labour Market Adjustment in Canada," which is funded by Statistics Canada and Employment and Immigration Canada.

Steve's publications included "Characteristics of Labour Market Change: Preliminary Evidence from the LMAS" with Mike Abbott and Charles Beach, which appeared in the Labour Market Activity Survey *Profiles* series.

Beverly Lapham joined the Department in July 1989, from the University of Minnesota. Her fields of study are industrial organization, international economics, and macroeconomics; with current research areas being: "Deterministic and Stochastic International Price Discrimination;" and "Growth with Strategic Behaviour.

Frank Lewis received support from SSHRCC for his work on railway development in Canada. His other areas of research include: "The Private Cost of Cigarette Smoking" with Richard Arnott and Nancy Olewiler. In 1989-90 he worked on "The Depletion of the Beaver in the Hudson Bay Hinterland, 1901-63," with Ann Carlos (Colorado), and an "Analysis of the National Policy" with Richard Harris. He is currently analyzing rates of return to the Grand Trunk and Great Western Railways (with Ann Carlos).

Frank attended conferences in Washington and Victoria, and presented papers at the University of Toronto, the University of Western Ontario, and the University of Illinois. He published "Dependants and the Demand for Life Insurance" in the *American Economic Review*, and "Australia: An Economic Prison?: A Comment" in the *Economic History Review*.

Frank organizes the Economic History Seminar Series in the Department. He is also a member of the Undergraduate Studies Committee and is on the Advisory Board of McGill-Queen's University Press.

James Mackinnon has been collaborating with Russell Davidson (Queen's and University of Aix-Marseille) on an advanced graduate econometrics text for Oxford University Press. His current research program involves specification testing and artificial regressions, and in August 1989, he began a sabbatical leave at the University of California, San Diego.

James and Russell published several joint papers: "Double-length Artificial Regressions" in the *Oxford Bulletin of Economics and Statistics*; "Testing the Specification of Econometric Models in Regression and Non-regression Directions" in a book entitled *Telecommunications Demand Modelling*; "Testing for Consistency

Using Artificial Regressions" in *Econometric Theory*; and "Specification Tests Based on Artificial Regressions" in the *Journal of the American Statistical Association*. In addition, James published "Heteroskedasticity-robust Tests for Structural Change" in *Empirical Economics*; "Are Price Equations Really Money Demand Equations on Their Heads?" with Ross Milbourne (University of New South Wales) in the *Journal of Applied Econometrics*; and "Transforming the Dependent Variable in Regression Models" with Lonnie Magee (McMaster University), in the *International Economic Review*.

James was Coordinator of Graduate Studies until July 1989 and also served on several university and departmental committees, including the Strategies Subcommittee of the Senate Computing Committee. A major event of 1988 for James was the birth of Andrew Phillip MacKinnon in August.

Mary MacKinnon, a Queen's National Scholar, returned to Queen's from a leave of absence at the Australian National University. Her research interests included unemployment in Canada in the 1930's, and a micro-analysis of the employment records of CPR workers, 1895-1940. In 1989, she was awarded a SSHRCC grant for her

work on Employment Patterns in Canadian Industry 1920-40.

In 1988, Mary presented papers at the ANU Economic History Workshop, the Association for Canadian Studies in Australia, and the New Zealand Biennial Conference. In 1989 her paper "Relief Not Insurance" was given at the 16th Conference on the Use of Quantitative Methods in Canadian Economic History. She attended the Second World Congress of Cliometrics in Spain, presenting a paper on "Internal Labour Markets at the Canadian Pacific Railway." She spoke on "Regional Employment in the Depression" at the NBER Summer Institute on the Development of the American Economy.

Mary's publications included "Relief Not Insurance, Canadian Unemployment Relief in the 1930s" in *Explorations in Economic History*; "The Use and Misuse of Poor Law Statistics, 1857-1912" in *Historical Methods*; "Years of Schooling: The Australian Experience in Comparative Perspective" in *Australian Economic History Review*; "Unemployment and Relief in Canada" with Alan Green, in Barry Eichengreen and T. J. Hatton (eds.) *Interwar Unemployment in International Perspective* (Kluwer, 1988); and "Schooling: Examining Some Myths" in D. Pope and L. Alston (eds.) *Australia's Greatest Asset: Human Resources in the Nineteenth and Twentieth Centuries*.

Mary was an undergraduate advisor, and served as Program Chair at the 17th Conference on the Use of Quantitative Methods in Canadian Economic History at Queen's. In 1989 she took a leave of absence from the Department and is currently at McGill University.

Bentley MacLeod was on sabbatical leave in Barcelona, Spain during the 1988-89 academic year. He continued his work with Richard Arnott and Lorne Carmichael on "The Theory of Organizations," and in 1989 was awarded a SSHRCC grant for "A Study of Unemployment and Business Cycles." Bentley's other areas of study are: "Administrative Corruption and Taxation in LDCs" with Frank Flatters; "A General Equilibrium Approach to F-connections" with Tim Besley (Princeton University); "Incomplete Contracts and Price Information" with James Malcomson (University of Southampton); and "The Economics of the Japanese Firm" with Yoshi Kanemoto (University of Tsukuba).

At the 6th European meeting on Information Economics held in Tilburg, Holland, Bentley presented "Efficient Specific Investments, Incomplete Contracts and the Role of Market Alternatives" with James Malcomson. He gave a paper entitled "Efficiency and Renegotiation in Repeated

Games" with James Bergin, at the Rational Behaviour in Games Conference in Luminy, France, and "Investment and Incentives in the Organization of Labour Markets" to a conference on *Poverty: Analytical Methods and Implementation Programs* at the Instituto Universitario Ortega y Gasset in Madrid, Spain. He also took part in seminars at the University of Toulouse, Universidad Computense de Madrid, CORE, the Woodrow Wilson School, the University of Toronto, the University of Western Ontario, and the Université de Montreal.

Bentley's 1988 publications included: "Equity, Efficiency and Incentives in Cooperative Teams" in *Advances in the Economic Analysis of Participatory and Labour Managed Firms*; "Reputation and Hierarchy in Dynamic Models of Employment" with James Malcomson, in the *Journal of Political Economy*; and "Price Discrimination and Equilibrium in Monopolistic Competition" with George Norman and Jacques Thisse, in the *International Journal of Industrial Organization*. In 1989, he published: "Implicit Contracts, Incentive Compatibility and Involuntary Unemployment" with James Malcomson, in *Econometrica*; "Optimal Labor Contracts with Non-Contractible Human Capital" with Yoshitsugu Kanemoto, in the *Journal of Japanese and International Economies*; and "Entry, Sunk

Costs and Renegotiation in Duopoly" with James Bergin, in *Annales d'Economiques et Statistique*.

Bentley's administrative duties for the Department included coordinating the Microeconomics Workshop and membership on the Appointments Committee.

Thomas McCurdy spent 1988-89 on sabbatical leave at the University of California at Berkeley and the Universidad Autonoma de Barcelona in Spain. During that period, he worked with Ieuan Morgan on a project supported by a SSHRCC grant, and their paper, "Evidence of Risk Premia in Foreign Currency Futures Markets," won the Institute of Canadian Bankers' prize for the best paper in Financial Institutions and Markets at the Northern Finance Association meetings. Tom's current research projects also include international diversification and risk management, and numerical solution techniques for international general equilibrium models.

Tom presented his work in a number of locations: the European Economics Association Meetings in Augsburg; the European Meetings of the Econometrics Society in Munich; and seminars at Queen's, the University of Alberta, the University of California (Berkeley), London Business School, University of Southampton, and the Universidad Autonoma de Barcelona.

In 1988-89, Tom's publications included: "Testing the Martingale Hypothesis for Foreign Currency Futures with Models Specifying the Form of Heteroskedasticity" with Ieuan Morgan, in the *Journal of Applied Econometrics*; "Some Potential Job Displacements Associated with Computer-Based Automation in Canada" in *Technological Forecasting and Social Change*; "An Efficiency Frontier Model: An Analysis of the Macroeconomic Implications of Structural Shocks" in *Economic Notes*; and "Foreign Currency Futures Spreads and Risk Premia" with Ieuan Morgan, in *Rational Expectations and Efficiency in Futures Markets* (London: Routledge, 1989). In addition, his paper, "Sources of Employment Growth by Occupation and Industry in Canada: A Comparison of Structural Change in the 1960s and 1970s," which was written with Julian Betts, was issued as Queen's Discussion Paper #730.

Tom was a member of the Technology Transfer Board and the Studies in Communication and Information Technology Board. He also served as an Academic advisor and as Chair of the Departmental Library Committee.

Marvin McInnis was involved in the Historical Atlas of Canada project, as well as the group working on "The Emergence of a

North American Economy" for the comparative study of Canada and the United States which was funded by the Donner Canadian Foundation. His other research interests include: "The Fertility Transition in Canada;" "Development of the Forest Industries of North America;" and "Canadian Agricultural Development."

In 1988, Marvin participated in conferences held in Toronto, Chicoutimi, Indiana, Victoria, Norway, and Chicago. In 1989, he delivered "The Competition for the British Timber Market" to the Second International Congress of Cliometrics in Santander, Spain, and "Delayed Marriage, Fertility Control and Labour Market Participation: Ontario Women in the Late Nineteenth Century" to the Conference on Quantitative Methods in Canadian Economic History held in Toronto. In addition, he attended the North American Conference on Forest History in Ottawa and the Economic History Association annual conference in Washington, and gave a workshop on Demographic History at the University of Ottawa.

In 1988-89, Marvin published "The Size Structure of Farming, Canada West, 1861" in *Research in Economic History*; "Delayed Marriage, Fertility Control and Labour Market Participation: Ontario Women in the Late Nineteenth Century" in *Canadian Papers in Rural History*; and "A

Perspective on Quebec Agriculture in the Latter Half of the Nineteenth Century" in *Papers of the Tenth International Economic History Congress*.

Marvin was Chair of the Departmental Library Committee, and continues to chair the Committee on Awards for the Faculty of Arts and Science.

Jack Mintz was Director of the John Deutsch Institute from July 1987 to July 1989. His research on Finance and Taxation was supported by a SSHRCC grant and he worked on a number of projects: "Corporate and Taxation Distortions" with John Whalley and Bruce Hamilton; "Taxation and Open Economy" with Henry Tulkens; "Unemployment and Subsidy" with Maurice Marchand and Pierre Pestieau; and "Corporate Taxation and Capital Building" with Jeffrey Mackie-Mason.

Jack presented papers on taxation at the World Bank, Harvard, the NBER, the Canadian Foundation for Economic Education, as well as several John Deutsch Institute conferences and workshops.

Jack's 1988-89 publications included "An Empirical Estimate of Refundability and Effective Corporate Tax Rates" in the *Quarterly Journal of Economics*; "Economic Policy Implications of the Meech Lake Accord" with Robin Boadway and Doug

Purvis, in Katherine Swinton and Carol Rogerson (eds.) *Competing Constitutional Visions: The Meech Lake Accord* (Toronto: Carswell, 1988); and "Alternative Views of the Corporate Tax, A Reassessment of the Carter Report Twenty Years Later" in Neil Brooks (ed.), *The Quest for Tax Reform* (Toronto: Carswell, 1988). He has edited several books for the John Deutsch Institute: *Rent Controls in Ontario* with Richard Arnott; *Macropolicy Issues in the Medium Term* with Doug Purvis; *Economic Impacts of Tax Reform* (Toronto: Canadian Tax Foundation, 1989) with John Whalley. In addition, "Corporate Tax Holidays and Investment" was issued as a World Bank Discussion Paper; and "Small Enterprise Tax Policy: Effects on Market Price, Industry Profits and Allocative Efficiency in a Dominant Firm Model" with Jesus Seade was published as a JDI Discussion Paper.

Nancy Olewiler spent 1988-89 on a leave of absence at the University of Colorado at Boulder. Her current research projects include: "Pollution Control Policies Among Competing Jurisdictions" with Edward Morey and James Markusen; and "Willingness to Pay for Improvements in Environmental Quality."

Nancy presented a paper on Canadian Pollution Policies at the University of Colorado Workshop on the Environment, a

paper on the "Economics of Women in the Labour Force" at the St. Lawrence College Conference on Women and Health and a paper on natural gas deregulation in Canada at the Colorado School of Management.

She was a member of the Advisory Committee for the Director of the Centre for Resource Studies, the Advisory Committee for the Associate Dean of Arts and Science, and the Advisory Council for the C.D. Howe Institute.

Martin Prachowny's current research projects include "A Beginner's Guide to Macroeconomics" and "Lags in the Adjustment to Desired Money Balances." Martin attended the AUTE Conference in Oxford, England, and presented papers at the Centre for Labour Economics (LSE), Essex University, and the City of London Business School.

In 1988-89, Martin published "Democracy at Work: Are Canadians in Favour of Free Trade?" in the *Journal of International Economic Integration*, and "International Comparisons of Macroeconomic Performance" in *Applied Economics*.

Martin is a member of the Senate Budget Review Committee and the Faculty of Arts and Science Curriculum Committee. He is the Graduate Admissions Officer for the Department.

Douglas Purvis continued to work on two research projects: "Unemployment Insurance and Unemployment Dynamics," supported by SSHRCC; and "Nominal Rigidities and Real Exchange Rate Dynamics." Doug presented papers at a number of conferences and workshops in 1988 including: "Fiscal Policy, Exchange Rates, and World Debt Problems" at the annual meeting of the International Agricultural Trade Research Consortium, San Antonio; "International Policy Coordination and Exchange Rate Fluctuations" for the NBER in Cambridge, MA; "Unemployment Insurance, Unemployment Dynamics and the Natural Rate" with Ross Milbourne and David Scoones, at the Montreal Conference Macro Study Group; and "Global Perspectives for the 21st Century" at the Presidential Symposium, St. Lawrence University, Canton, NY. His 1989 conference papers included: "The Economics of Health Care: Problems and Prospects" to the Queen's Faculty of Continuing Medical Education Winter Symposium; and "Global Disequilibrium" to the Centre for the Study of the Market Economy, McGill University. He delivered a paper entitled "The Bank of Canada and the Pursuit of Price Stability" to C.D. Howe Institute Conference on *Zero Inflation*; the conference volume was to appear in early 1990. Doug also organized

the Economics panel of the School of Policy Studies Conference "Rethinking North American Relationships"; attended the third annual meeting of the Canadian Macroeconomics Study Group; and presented a paper to the McGill Conference on "Deficits and Economic Performance."

Doug's 1988-89 publications included: "Intersectoral Adjustment and the Dynamics of Wages and Employment Opportunities" with Slobodan Djajic, in *West-wirtschaftliches Archiv, Review of World Economics*; "Risk and Economic Policy" with Jack Mintz, in *Canadian Public Policy*; "Fiscal Policy and the Real Exchange Rate" with Michael Devereux, in *European Economic Review*; and "Government Deficits: Helpful and Harmful" in *Issues in the Canadian Economy - Government Debt and Deficits: Should you be Concerned?*, CFEE. In addition, he contributed chapters to a number of books: "The Economic Policy Implications of The Meech Lake Accord" with Robin Boadway and Jack Mintz, in Katherine Swinton and Carol Rogerson, (eds.) *Competing Constitutional Visions: The Meech Lake Accord* (Toronto: Carswell, 1988); "Implementing a Prudent Fiscal Strategy over the Medium Term" with Neil Bruce, in Jack Mintz and Douglas Purvis (eds.), *Macropolicy Issues in the Medium Term*; "Fiscal Policy, Exchange

Rates and World Debt Problems" in Thomas Grennes (ed.), *International Financial Markets and Agricultural Trade* (Boulder, CO.: Westview Press); and "Comment on Frankel's Modest Proposal" in J. Frenkel, M. Goldstein, and P. Masson (eds.), *International Policy coordination and Exchange Rate Fluctuations* (Chicago: University of Chicago Press).

Doug continued as Head of the Department, a position that he has held since 1987. During 1988-89 he was also a member of a number of boards and committees within the university. He also continued to serve as the Canadian Economics Association representative on the Board of Directors of the National Bureau of Economic Research in Cambridge, MA.

Gregor Smith organized (with Mick Devereux) the Canadian Macroeconomics Study Group Conference which was held at Queen's in November, 1989. He received financial support for his research from a SSHRCC Post-doctoral fellowship, a SSHRCC research grant, and a Queen's Advisory Research Council grant. In addition, Gregor received the 1988 John Charles Polanyi Prize in Economics awarded by the Government of Ontario.

Gregor published papers including, "How Informative are Preliminary Announcements of

the Money Stock in Canada?" with Ross Milbourne, in the *Canadian Journal of Economics*; and "Transactions Demand for Money with a Stochastic, Time-Varying Interest Rate" in the *Review of Economic Studies*. Work in press includes "Stochastic Process Switching and the Return to Gold, 1925" with R.T. Smith in the *Economic Journal*; "Estimation du PIB Mensuel Canadien: 1962 à 1985" [Estimates of Canadian GDP, Monthly, 1962 to 1985] with Richard Guay, Ross Milbourne and Glenn Otto in *L'Actualité Economique*; "Calibration as Estimation" with Allan Gregory in *Economic Reviews*; and "Solution to a Problem of Stochastic Process Switching" in *Econometrica*.

Gregor is collaborating with Stan Zin (Carnegie Mellon) on "Persistent Deficits and the Market Value of Government Debt," with David Backus (NYU) on "Real exchange Rates and Risk-Sharing in Competitive Equilibrium with Non-Traded Goods"; with Adrian Pagan (Rochester) and Allan Gregory on "Estimating Euler Equations from Linear Quadratic Models"; and with Mick Devereux and Allan Gregory on "Realistic Cross-Country Consumption Correlations in a Two-Country Real Business Cycle Model." He presented papers at the Canadian Economics Association meetings at Laval, and at UBC, Alberta, Toronto, Montreal, Carnegie Mel-

lon University, and UQAM. He continues to be a quantitative workshop series organizer and supervisor of MA and PhD students.

Gordon Sparks received a SSHRCC grant for his work on "An Econometric Model of the Canadian Economy, 1870-1939" with Alan Green. His other research areas included: "The Wheat Market in Upper Canada in the 1830s" with Alan Green; "Natural Resource Prices and Exchange Rates" and "Monetary Policy with Zero Reserve Requirements." He gave a paper at the University of New Brunswick and presented "The Wheat Market in Upper Canada in the 1830's" to the Social and Economic History Seminar at Queen's.

His publications in 1988-89 included *Macroeconomics* with Rudiger Dornbusch and Stanley Fisher, Third Canadian edition (Toronto: McGraw-Hill, Ryerson, 1989), and "A Macro Interpretation of Economic Recovery from the Great Depression: Australia vs. Canada" with Alan Green, in Noel Butlin (ed.) *Recovery from the Depression* (Cambridge MA: Cambridge University Press, 1988).

Within the Department, Gordon was Chair of Undergraduate Studies, an undergraduate advisor, and a member of the Appointments Committee. In

addition, he served on the Committee on the Principal's Paper on Planning Issues, the Technology Transfer Board, and the School of Industrial Relations Tenure Review Committee. In August 1989, Gordon took a sabbatical leave at the University of Edinburgh, Scotland.

Klaus Stegemann's project "The European Community's Use of Price Undertakings to Settle Anti-dumping Cases" received support from the SSHRCC. He also worked on "The Relationship Between Competition Policy and Anti-dumping Actions: The Canadian Experience" and "Price Undertakings to Settle Anti-dumping Cases."

In 1988, Klaus presented his work at several conferences and symposiums including the annual meetings of the European Association for Research in Industrial Economics in Rotterdam, and a conference on the Prospects of the Uruguay Round of GATT Negotiations, which was held in Toronto. In 1989, he delivered a paper entitled "E.C. Anti-dumping Policy: Are Price Undertakings a Legal Substitute for Illegal Price Fixing?" to the European Institute for Advanced Studies in Management, Brussels. He also visited the Landesbank Schleswig-Holstein Girozentrale in Kiel for a conference on "European Economic Policies of 1992." After

returning to Canada, he gave a workshop entitled "Living with Free Trade: Canada, the Free Trade Agreement and the GATT" at the University of Ottawa.

Klaus published "Policy Rivalry Among Industrial States: What can We Learn from Models of Strategic Trade Policy?" in *International Organization*.

Klaus was a Departmental academic advisor, as well as the Chair of the Senate *Ad Hoc* Committee on Intellectual Property, and a member of the Search Committee for the Director of the Centre for International Relations.

Malcolm Urquhart continued to maintain an active research program on national income estimates from 1870-1926, a project funded by the Killam Fund of the Canada Council and the SSHRCC. Mac is currently interested in an analysis of Canadian economic growth from 1870 to 1985 using

the data from the National Income Project plus official government income statistics recorded after 1926.

Mac presented the paper "New Estimates of Gross National Product in Canada, 1870 to 1926 along with Official Estimates 1926 to 1985: Some Implications for Canadian Development" at the International Association for Research in Income and Wealth Conference in Rome in 1987. The paper was then published as part of the Economic Research Discussion Paper Series.

Mac remains a member of the Royal Society of Canada. Several years ago, former students and colleagues established the M.C. Urquhart Book Prize in Economics, which is awarded annually to students displaying outstanding performance in Economics 110.

Dan Usher lectured on "The Dynastic Cycle and the Station-

ary State" at Claremont College and at the University of California at Fullerton. In addition, he delivered the Timlim Lecture at the University of Saskatchewan, speaking on "The Search for a Usable Model of Predatory Government." He also gave seminars at McGill, Trent, and New York University.

During 1988-89, Dan published "The Dynastic Cycle and the Stationary State" in the *American Economic Review*; "The Hidden Cost of Public Expenditure" in Richard Bird (ed.), *More Taxing than Taxes: Implicit Taxes in Developing Countries* (I C S Press, 1990); and "The Rise and Fall in the Public Sector in the Estimation of the Economists" in Asimakopulos, Cairns, and Green (eds.) *Economic Theory Welfare and the State: Essays in Memory of Jack Weldon* (Toronto: Macmillan, 1990).

In 1989, Dan served as vice-president of the Canadian Economics Association.

QED List of Lists

Ph.D Recipients

1988 - MAY CONVOCATION

Akhand, Hafiz Abdul

Terms of Trade and the Dynamics of the Current Account
Supervisor: R.D. Milbourne

Ansong, Granville

Taxation and Asset Accumulation in a Life-Cycle Model: An Empirical Analysis with Grouped Longitudinal Data
Supervisors: C.M. Beach and R.W. Boadway

Arvin, Barmak

A Role for Private Pensions in Labour Contracts
Supervisors: R.J. Arnott and L.H. Carmichael

Engineer, Merwan

Essays on the Structure of Financial Institutions
Supervisors: D. Bernhardt and D.K. Backus

Gauthier, Denis

Taxation and Savings: A Study of Tax Alternatives Using an Applied Dynamic Life Cycle Growth Model
Supervisors: R.W. Boadway and N. Bruce

Read, Colin Leslie

Three Essays on Vacancies in Rental Housing Markets
Supervisor: R.J. Arnott

1988 - OCTOBER CONVOCATION

Kidd, Michael Paul

An Econometric Model of an Individual's Decision to Change Jobs
Supervisors: M.G. Abbott and C.M. Beach

Kwakwa, Victoria

A Sequential General Equilibrium Analysis of Changes in Canadian Tariff and Non-Tariff Trade Barriers
Supervisor: R.G. Harris
Murrell, David James
Three Essays on Regional Competition for Capital
Supervisor: R.J. Arnott

Scott, Brian Douglas

An Intergenerational Welfare Analysis of Exchange-rate Regimes
Supervisor: D.K. Backus

1989 - MAY CONVOCATION

Bartholdy, Jan

A Portfolio Model for Financial Intermediaries
Supervisors: C.M. Beach and J.M. Mintz

King, Ian Paul

Unemployment in a Spatially Separated Economy
Supervisor: R.W. Boadway

Lanoie, Paul

Government Intervention in Occupational Safety and Health: A Theoretical and Empirical Analysis
Supervisors: D. Usher, C.M. Beach and R.J. Arnott

Maynes, Elizabeth Marie

An Analysis of Restricted Shares in Canada, 1970-1984
Supervisors: A.W. Gregory and I. Morgan

McCarthy, Thomas Gerard

Dynamic Tax Incidence in General Equilibrium Models
Supervisor: R.W. Boadway

Uctum-Asikoglu, Merih

Financial Flows, the Stock Market, Investment and Capital in Open Economies
Supervisors: R.D. Milbourne and D.D. Purvis

1989 - OCTOBER CONVOCATION

Berkok, Uqurham Gazi

Incentives, Agency and Queueing
Supervisor: R.J. Arnott

Clark, William Steven

A Theoretical and Empirical Analysis of the Tax-Adjusted Q-Dynamics of Investment with Applications to Future Phased-In Tax Policy Reform
Supervisors: N. Bruce and C.M. Beach

Hebner, Kevin John

A Theory of Mutual Funds
Supervisor: R.J. Arnott

Horbulyk, Theodore Mark

Firm Response to Price Uncertainty: Participatory Stabilization Schemes and the Western Canadian Cattle Industry
Supervisors: R.W. Boadway, C.M. Beach and N.D. Olewiler

Mansoorian, Arman

Essays in International Finance with Finite Horizons
Supervisors: D.D. Purvis and M.B. Devereux

Ziss, Steffen

Strategic Investment, Conjectural Variations and Economic Welfare
Supervisor: R.J. Arnott

Special Awards, Honours and Appointments

John Baldwin	Visiting Research Fellow, Statistics Canada
Tom Courchene	Three-Year Appointment, Economic Council of Canada
Richard Harris	1988 Queen's University Prize for Excellence in Research Killam Research Fellowship
Douglas Purvis	Head, Department of Economics
Gregor Smith	John Charles Polanyi Prize in Economics
Dan Usher	Sir John A. MacDonald Professor of Political Economy, Queen's University

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