

A Message from the Chairman

Dear QED Associate

At the Canadian Economics Association meetings in Saskatoon last year a reception was organized for people who had been associated with the Queen's Economics Department. The turnout and exchange of news confirmed popular suspicions that Queen's economists had penetrated and permeated most key areas of the public and private sectors. ('The Queen's Economics Mafia' was a phrase that recurred, although I do not believe all economic policy advising by Queen's economists has been so bad recently that it should bear the connotation of criminality.) I was also impressed by the large and genuine interest in information about the Department's current activities and in developing a more regular and comprehensive form of association and communication.

This newsletter is an experimental follow up, with several objectives. We want to tell you, who bear the Department's stamp to the far and near flung corners of society, about characteristics of the current stamp – about the nature of our student body and teaching programmes now, about the backgrounds and research activities of the faculty, and about special activities the Department is organizing. We are proud of how the Department has developed and of rankings that place it as first, in the top two, or (for those unwilling to risk any chance of a Type II statistical error!) among the top three to four in Canada. But we do not rest in tranquil consciousness of effortless superiority. Amidst the far from peaceful environment for higher education, the escalating demands on our teaching resources, and the intense national and international competition for the best economics scholars, we need your advice and help. You are invited to convey your assessments of the strengths and weaknesses of our programmes and your recommendations on how we can better fulfill our responsibilities

for undergraduate and graduate education, for exploring along the frontiers of knowledge of economic phenomena, and for helping to apply this knowledge to policy issues.

To approach these big problems better, we need greater information on a wide range of more specific problems. For example, the Honours BA thesis has disappeared from most programmes in Canada largely because it is a heavy drain on teaching resources. We have preserved it in the belief that it is a particularly valuable part of our programme. Do those of you who emerged from the tensions created by looming deadlines, elusive data sources, depressing computer print-outs, and gently frowning supervisors now think, from your more serene perspectives, the experience was especially worthwhile? Do those of you to whom the writing of a graduate thesis became a way of life that threatened to carry over into retirement have suggestions about how we could encourage or badger sooner completions without lowering standards? The attached questionnaire permits you to give us feedback on these and other questions.

To encourage your help and advice is one objective of this newsletter; others are related to the opening of lines of communication that might be of help to you. More than nostalgia and football draws an alumnus to an interest in his or her academic roots. As you will have theorized, the economic value of a degree under conditions of imperfect information is not unrelated to public perceptions of the continuing academic strengths of the programmes. Or, to put it another way, some of you have a continuing stake in our reputation. Some of you might find it interesting, whether for personal or professional relationships, to have a section in future newsletters on recent activities of graduates of our programmes. Some of you might have an interest in a

special lecture series we have considered organizing for our graduates at the time of a reunion either at the fall homecoming weekend or at the time of a convocation in the spring. The attached questionnaire is thus designed also to give us an indication of the strength of such interests.

IT ALL BEGAN WITH ADAM

The beginning of a department of economics at Queen's (and in Canada) cannot be dated from Adam and his associate Eve, or from Adam Smith, but it can be dated from another Adam. It was in 1889 that Adam Shortt received the first appointment in political economy, although the subject had been introduced in the university in 1877-78 with the philosopher John Watson in charge of the course. The first university in Canada to make an appointment in economics, Queen's developed and maintained a strong reputation in this field through the calibre of its further academic appointments. O.D.Skelton, Clifford Clark, William Mackintosh, Frank Knox, Clifford Curtis and others had firmly established before World War II a leading centre for teaching, research and public policy advising. In the 1940's and 1950's people such as Mac Urquhart, David Slater, Gideon Rosenbluth, Lawrence Skeoch, and John Deutsch came to be associated with the further development of the Department.

Particularly large forces for change emerged in the decades of the 1960's and 1970's and produced a rapid transformation of the Department. First, it was decided at the end of the 1950's that the Department should undertake a fully developed graduate programme. While it had long graduated the occasional MA student, it began a PhD programme and expanded its MA programme. The result was a steady growth in numbers to a combined total in the mid-1970's of about 80 full time graduate students, divided approximately equally between the

two programmes. Accompanying this growth was much debate on the appropriate structure and standards of the programmes, a greater awareness of the need to achieve scholarly excellence by international standards, and the never-ending search for funds to support graduate students and staff. Thus, the outstanding ranking which the Department's graduate programmes received in 1973 from an independent (ACAP) review of graduate economics programmes in Ontario was most gratifying. But a greater source of satisfaction has been the evidence of success of our products in positions with universities, governments, and private organizations across Canada and across the world.

A second major force for change has been the growth of the undergraduate programme. As with other Canadian universities, Queen's felt the effects in the 1960's of the baby boom of the 1940's. As enrolments soared, a plan was developed under Principal Deutsch in the late 1960's that would limit growth to about 10,000 students by the mid-1970's, that required a significant rise in admission standards, but that nevertheless resulted in more than a tripling of the size of Queen's from the beginning of the 1960's. The Department's course registrations reflected the pattern of the university's growth, but they have also increased substantially since the mid-1970's when the university's growth phase had ended. The latter surge, we might be tempted to think, showed the exercise of student preferences for good teaching, but, it must be admitted, the surge seems to have been due at least in part to a more general phenomenon in North America. In terms of data on undergraduate course registrations, for which half year courses have been converted to full year course equivalents, the Department has grown from 753 in 1960/61, to 1143 in 1967/68, to 1547 in 1972/73

and to 2988 in 1979/80. The honours program has had a similar growth. I was recently looking over the list of honours graduates in economics from 1934 to 1959 and was struck both by the eminent positions in society many achieved and also by the relatively small size of class which varied between 0 and 9. In 1979-80 our Honours BA thesis class was 54, which is equal in number to the total number of honours graduates in the periods 1934-50 or 1948-59. If the same proportion of our current annual crop of honours graduates achieve positions of similar importance in society as their distinguished predecessors, think of what a marvellous society Canada is about to become!

Third, accompanying the growth in the Department's graduate and undergraduate programmes has been an expansion of the academic staff. From a staff of about half a dozen economists in the 1950's, the staff grew to six times that number by the end of the 1970's, although financial constraints have meant a substantial deterioration in the staff/student ratio over the last half of the 1970's. Despite the need to do much hiring and the strong general demand for economists, the Department did not weaken in its commitment to great effort and care in the making of every appointment, to compete with the top universities in the world for bright young prospects, and to insist on tough scholarly standards for continuation and advancement. The result is a staff that is ranked favourably by international standards and that is highly mobile as governments and other universities raid, sometimes successfully and sometimes, fortunately, unsuccessfully. It is also a diverse staff in terms of the distribution of specialized interests and educational backgrounds, as the accompanying roster for 1980/81 and notes on staff activities indicate.

The Department's awareness and responsiveness to intellectual developments have also been aided by two-way traffic with other institutions. A very active visiting speakers' and workshop series necessitates the publication of a weekly calendar of events to keep track of sessions. Leaves of absence for study and research this year and in the past two years will have involved an association with, for example, Berkeley, Harvard, MIT, Princeton, Stanford, Yale, Edinburgh, Essex, LSE, Oxford, Stockholm, and Warwick. In addition, through a bequest from the sisters of W.A. Mackintosh, a special lecture series was established in his name in the mid-1970's, and it has brought to Queen's since then a particularly outstanding set of economists: Kenneth Arrow, Tony Atkinson, Richard Caves, Martin Feldstein, and Robert Solow.

ADMINISTRATION — OF NECESSITY
Of necessity — which is the only excuse for administration in a university — the organization of the Department has changed. Beginning with Adam Shortt, the Department combined economics and political studies. Through the pioneering work of O.D. Skelton and W.C. Clark, commerce was added in the second decade of this century, with Queen's again having led in the development of this subject. But since size and specialization made it increasingly cumbersome in the post-World War II years to combine the three subjects in one department, an administrative separation evolved in practice, and in 1964 a distinct Department of Economics was formally established, with Mac Urquhart appointed its first head, with David Smith appointed to the position in 1968, and with a new head (what a relief!) to be appointed in 1981. In 1968 the Department also established the positions of undergraduate and graduate chairman to take on much

of the burden of administering the academic programmes. It has been fortunate to have people of the calibre of John Baldwin, Robin Boadway, John Chant, Rod Fraser, Alan Green, Marvin McInnis, Martin Prachowny, Gordon Sparks, and Mac Urquhart to fill these positions in the past, and, currently, to have Klaus Stegemann and Gordon Fisher as undergraduate and graduate chairman respectively. Special mention should also be made of the valuable assistance of Mac Urquhart in 1970-71 and of Rod Fraser in 1977-78 in acting as head of the Department when the incumbent was on leave.

Administrative separation has not led to isolationism. The Department is closely integrated with the work of many other academic units at Queen's. It is a major partner in the operation of the School of Public Administration, it has maintained a close association with the Centre for Industrial Relations (Don Wood is Director), the Centre for Resource Studies, the School of Urban and Regional Planning, the Canadian Institute of Guided Ground Transport, the Institute of Intergovernmental Relations, and the Centre for International Studies, and it has been participating constructively in current discussions of a proposal to establish a multi-disciplinary master's degree in industrial relations. Through some of these bodies but more importantly through a range of less formal routes it tries to maintain a close liaison with its former nest siblings – political studies and commerce (now the School of Business). A greater interest has been developing in the interrelationships between law and economics (for example, Steve Kaliski and Nancy Olewiler), in links to the math department (Rick Harris and John Hartwick), and in the improvement of computer facilities from the standpoints of both the Department and Queen's (Charlie Beach and James MacKinnon).

The larger scale of the Department's operations and the severe financial constraints pose special problems for maintaining the close relationship between students and faculty which is such an important condition of the learning process for both groups. But to those of you who feel the opportunities to mingle of the good old days are, alas, gone, I have encouraging news about traditions that have sprung up, if traditions can be allowed to spring. For example, the annual graduate student Christmas party (to which grads of earlier years have been welcomed back) has become a test of the thespian qualities of students and staff and a demonstration by Russell Davidson of the successful application of the theory of production functions to culinary output. With much credit to John Baldwin's urgings, the old Adam Smith club has re-emerged the past two years as a political economy club, organized by fourth year students who have also helped in arranging a spring 'now that the thesis is over – or nearly over – or perhaps sometime over –' party, as well as a Convocation reception at which friends and relatives of successful candidates can discover that the tales of ogre-like qualities of the faculty have, for the most part, been a little exaggerated.

Students, moreover, soon discover that the truly important group in getting students and profs together – and, in fact, in holding the whole place together – is the secretarial and administrative staff. Recent graduates will remember with gratitude some of our current, extraordinarily competent group: Sharon Alton, Dianne Dombosky, Juanita Hamilton, Vera Janzen, Linda Kemp, Dorothy MacKenzie, Ellen McKay, Nancy Moors, and Marlene Rego. Leslie Owen has become a vital link in the chain that helps graduate students. After twelve years of devoted work, David Freeman moved this past

year to the warmer, if not always sunnier, climes of British Columbia and has been replaced, as Senior Administrative Assistant, by Alison Mackintosh Morgan, whose exceptional talents carry forward the Mackintosh traditions on which the excellence of the Department was earlier built.

QUOD EST DESIDERATUM FOR QED
The Department's goals for the 1980's must clearly be in the plural, not the singular: being a foremost centre for graduate study by national and international standards; maintaining a tradition of excellence in its undergraduate programmes and in its teaching in other programmes at Queen's; working on the forefront of economic research both with respect to the foundations of the discipline and also with respect to the application of knowledge to pressing national and international public policy issues. 'Noble aims', you might murmur, 'but have not things become particularly unfavourable for a university these days and do they not make working towards such aims much more difficult?' 'Things have and do and will probably get worse', is the answer. Perhaps there will be even stronger grounds to complain about stingy governments, unenlightened university administrators, paltry research funding, students who fail to get straight A's, and the weather. But the Department will not be alone in the universe in trying to overcome them, and it has a good trajectory, momentum and commitment with respect to the goals – and a set of loyal alumni for encouragement.

Some special activities in which the Department has recently been involved and which are influencing its development can be briefly noted and some are expanded upon elsewhere in the newsletter. First, a John Deutsch Memorial Fund for the Study of Economic Policy has been established at Queen's. Its work has

Faculty Roster for 1980-81

begun through the underwriting of workshops and conferences and through the preparation of a volume of essays in honour of John Deutsch on economic policy advising in Canada, a volume that will be published by the C.D.Howe Research Institute this year. Second, the Department's Institute for Economic Research, which, on the basis of Ford Foundation grants in the 1950's, mounted important national summer research programmes at Queen's, continues on a smaller, more impecunious scale to try to moderate at least minor frustrations of getting research done and, in particular, to provide, through a discussion paper series, an outlet for staff and students to circulate quickly important research output for comment. Third, we recognize that the special library facilities for graduate students and fourth year honours students need improvement and are hopeful that funds can be found for this purpose. In addition, we are deeply hopeful that as Queen's updates its computer facilities the opportunities for econometric work at Queen's will be greatly improved.

Some of you will have expected by now in my message a financial appeal. I do not wish to disappoint you, but that is not the purpose of this newsletter. Mind you, if you are already poised with pen over cheque book, the previous paragraph lists some special areas that need support. Also, as indicated later in the newsletter, a special Mac Urquhart Academic Fund has been initiated at the request of former students to honour Mac's retirement. But a newsletter this is, and thus let us go on with news about what the faculty have been doing this past year.

Let us hear from you too, in reply, and tell us whether and in what form this experimental newsletter should continue.

With all good wishes,
David C. Smith

Abbott, M.G., BA (Calgary), MA, PhD (Princeton)
Labour Economics

Arnott, R.J., SB (MIT), MA (Toronto), MA, MPhil, PhD (Yale)
Applied Microeconomics; Urban Economics; Public Finance; Comparative Systems

Backus, D.K., BA (Hamilton), MPhil, PhD cand (Yale)
Macroeconomics; Econometrics; Money and Finance

Baldwin, J.R., BA (Queen's), PhD (Harvard)
Transportation; Industrial Organization

Beach, C.M., BA (McGill), MA, PhD (Princeton)
Econometrics; Income Distribution

Boadway, R.W., BEng (RMC), BA, BPhil (Oxon), PhD (Queen's)
Public Finance; Welfare Economics; Microeconomics. *On Sabbatical, 1980-81*

Brander, J.A., BA (UBC), MA, PhD (Stanford)
International Trade; Industrial Organization

Bruce, N., BA (Victoria), MA (Queen's), PhD (Chicago)
Public Finance; International Monetary Theory; Macroeconomics.
On Sabbatical, 1980-81

Carmichael, L.H., BA (Western), PhD cand (Stanford)
Labour; Trade; Theory
New appointment this year.

Davidson, R., BSc, PhD (Glasgow), PhD (UBC)
Economic Theory; Mathematical Economics; Econometrics

Djajic, S., BA (CCNY), MA, PhD (Columbia)
International Economics; Monetary Theory

Fisher, G.R., BCom (Birmingham), MA (Cantab), PhD (Southampton)
Econometrics
Chairman of Graduate Studies

Flatters, F.R., BA (Carleton), MA (Western), PhD (Johns Hopkins)
Microeconomics; International Trade; Welfare Economics

Fraser, R.D., BA, MA (Alberta), PhD (London)
Industrial Organization; Health Economics

Gordon, H.S., BA (Dalhousie), MA (Columbia), PhD (McGill), FRSC
History of Economic Thought.
Part-time

Green, A.G., BA (Queen's), PhD (Harvard)
Economic History

Harkness, J.P., BA (Carleton), MA, PhD (Queen's)
International Economics; Monetary Economics; Macroeconomics

Harris, R.G., BA (Queen's), PhD (UBC)
Economic Theory; Public Finance; Mathematical Economics

Hartwick, J.M., BA (Carleton), PhD (Johns Hopkins)
Microeconomics; Natural Resource Economics

Kaliski, S.F., BA (UBC), MA (Toronto), PhD (Cantab), FRSC
Macroeconomics; Stabilization Policy.
On Sabbatical, 1980-81

Lewis, F.D., BA (McGill), MA, PhD (Rochester)
Economic History

Lipsey, R.G., BA (UBC), MA (Toronto), PhD (London), FRSC
Industrial Organization, Oligopoly and Spatial Competition

MacKinnon, J.G., BA (York), MA, PhD (Princeton)
Econometrics; Economic Theory

McCurdy, T.H., BA (Guelph), MA (UBC), PhD cand (London)
Microeconomics; Capital and Growth Theory; History of Economic Thought
New appointment this year.

McDougall, D.M., BA (Queen's), PhD (Johns Hopkins)
Macroeconomics; Economic History. *Visiting*

McInnis, R.M., BA, MA (Saskatchewan), PhD (Pennsylvania)
Economic History; Population Economics

Milbourne, R.D. BCom, MCom (New South Wales), PhD (Berkeley)
Macroeconomics; Monetary Theory

Mintz, J.M., BA (Alberta), MA (Queen's), PhD (Essex)
Public Finance; Industrial Organization

Olewiler, N.D., BA (Columbia), MA (Simon Fraser), PhD (UBC)
Public Finance; Natural Resource Economics

Prachowny, M.F.J., BA (Toronto), MA, PhD (Michigan)
International Economics.
On Sabbatical, 1980-81

Purvis, D.D., BA (Victoria), MA (Western), MA, PhD (Chicago)
International Trade and Finance; Macroeconomic Theory and Policy

Recent Activities of Faculty

Shorrocks, A.F., BSc (Sussex), MA (Oxon), PhD (London)
Income Distribution; Economic Theory
Commonwealth Research Fellow and Queen's Quest Visiting Scholar
Visiting, Winter and Summer 1981

Smith, D.C., BA (McMaster), MA (Oxon), PhD (Harvard), FRSC
Public Policy; Labour Economics
Head of the Department

Sparks, G.R., BA (Toronto), MA, PhD (Michigan)
Monetary Theory; Applied Econometrics

Stegemann, K.F., Dip-Volkswirt, PhD (Saarbruecken)
Industrial Organization; International Trade
Chairman of Undergraduate Studies

Urquhart, M.C., BA (Alberta), FRSC
Economic Theory

Usher, D., BA (McGill), MA (Oxon), PhD (Chicago)
Economic Theory

Wood, W.D., BA (McMaster), MA (Queen's), AM, PhD (Princeton)
Industrial Relations; Labour Economics
Director, Industrial Relations Centre

Special sessional appointments for 1980-81 include: M. Chaudhry from UIC who will be teaching in economic development; M. Daub and B. Pazderka from the Queen's School of Business; W. Furlong from our PhD program; J. Riley from Oxford.

David Backus arrived at Queen's in September, 1979 from Yale. He has two publications forthcoming in the *Journal of Money, Credit and Banking*: 'A Model of US Financial and Non Financial Behaviour' (with William Brainard, Gary Smith and James Tobin), and 'An Integrated Model of Household Flow of Funds Allocation' (with Douglas Purvis). His research interests include Macroeconomics, Econometrics and Money and Finance.

In 1979 **Gordon R. Fisher** produced 4 papers in the Institute for Economic Research (IER), Queen's University Discussion Paper Series: 'Two Types of Residuals and the Classical Identifiability Test Statistic', No. 338; 'A Note on Problems of Estimating the Linear Expenditure System and Its Related Forms', No. 355 (with M. McAleer and Diana Whistler); 'Theory and Econometric Evaluation of a Systems Approach to the Demand for Money: The Canadian Case', No. 367 (with M. McAleer), and 'On the Interpretation of the Cox Test in Econometrics' (with M. McAleer), No. 371. By invitation the first of these papers is to be published in a volume of essays in honour of Stephen Valavanis; the last is to be published in *Economics Letters*. His working papers in the past year include: 'Interest Rates and Durability in the Linear Expenditure Family' (with M. McAleer and Diana Whistler), and 'A Systems Approach to the Demand for Money: U.S. Interest Rate Effects on the Canadian Economy', which was prepared for the Allied Social Science Associations Meeting, Atlanta, Georgia, USA, December 1979, and 'A Note on Testing a Linear Hypothesis'. For the near future his research is concentrated in the following areas: algebraic structure, efficiency and equality of econometric estimators; structural change and

the linear hypothesis; expenditure systems and money demand (with M. McAleer); and tests of separate families of hypotheses (with M. McAleer). He is beginning work on dividends and taxation with Jack Mintz. Dr Fisher is the current Chairman of Graduate Studies.

James Brander received his PhD from Stanford University in June 1979. He spent the summer teaching a course in international economics at Stanford, before coming to Queen's last September. The title of his dissertation was *The Division of Labor and Intra-industry Trade*. His general area of interest is international trade, especially as it relates to industrial organization. Titles of papers currently in progress include, 'Intra-industry Trade in Identifiable Commodities' and 'General Equilibrium with Intra-industry Trade'.

The 1979 Harry G. Johnson prize for the best article to appear in the *Canadian Journal of Economics* went to **Robin W. Boadway** and his co-author J.M. Treddenick for their article 'A General Equilibrium Computation of the Effects of the Canadian Tariff Structure', in the August 1978 issue. Dr Boadway's publications forthcoming in 1980 include: 'Corporate Taxation and Investment: A Synthesis of the Neoclassical Model' in the *Canadian Journal of Economics*; 'A Note on the Market Provision of Club Goods', in the *Journal of Public Economics*; *Canadian Tax and Transfer Policy*, Canadian Tax Foundation, with H. Kitchen; and *Intergovernmental Transfers in Canada*, Canadian Tax Foundation (February 1980). In 1979 he published the book *Public Sector Economics*, Winthrop Publishers, as well as 'Long-Run Tax Incidence: A Comparative Dynamic Approach', in the *Review of Economic Studies*,

and 'Depreciation and Interest Deductions and the Effect of the Corporation Income Tax on Investment', with N. Bruce, in the *Journal of Public Economics*.

As well as the article with R. Boadway, **Neil Bruce's** recent publications include 'The IS-LM Model and the Monetarist Controversy' in the *Journal of Public Economics*, 1977, and 'A Note on Consumers Surplus' in *Econometrica*, 1977. Dr Bruce is currently doing research on the determination of the exchange rate in the short run, on taxation and investment, and on optimal price adjustment by quasi-competitive firms. He does not restrict his academic interest to economics but derives further stimulation from physics, anthropology and history.

Jack Mintz's report 'The Measure of Rates of Return of Canadian Banks' was published as a research study of the Economic Council of Canada in February 1979. His most recent papers include 'State Financial Intermediation', 'Public-Private Mixed Enterprises - the Canadian Example', 'Profit Taxation as a Means for the Government to Undertake Financial Intermediation', and 'The Effects of Corporate Taxation with Interest Deductibility on Risktaking' (IER Discussion Papers 294, 325, 348 and 356, respectively).

John Hartwick spent the year 1978-79 on sabbatical leave at Stanford University doing research on natural resources and also on aspects of scale in economic models. He presented seminars at Stanford, UC Berkeley, and Texas A & M and delivered a paper at a conference on renewable resources at Brown University entitled, 'Free Access and the Dynamics of the Fishery'. A short article appeared, 'Increasing Returns, Exhaustible Resources and

Optimal Growth', in the *Journal of Economic Letters*, 1979, as well as 'Agglomeration and the Size and Structure of the CBD' in L. Moses, ed., *Dynamics of Urban Economics*, Academic Press, 1979.

In addition to being the Chairman of Undergraduate Studies last year and this, **Klaus Stegemann** has published a paper on 'The European Experience with Exempting Specialization Agreements and Recent Proposals to Amend the Combines Investigation Act' in Pritchard, Stanbury, Wilson (eds.) *Canadian Competition Policy: Essays in Law and Economics*, Butterworths, 1979. He has also written two recent IER discussion papers reflecting the renewed interest in nontariff barriers to trade: No. 321, 'The Rationale of Antidumping Protection for the Steel Industry', and No. 357, 'State Trading and Domestic Distortions in a Mixed World Economy'. His monograph, *Price Competition and Output Adjustment in the European Steel Market* (1977) was recently reviewed by I. B. Kravis in *Journal of Economic Literature*, Vol. 17 (1979).

Steve Kaliski has just completed a three year stint as managing editor of the Canadian Journal of Economics. He is now serving as a Director of the National Bureau of Economic Research and of McGill Queen's University Press. His most recent IER discussion paper is on 'Some Aspects of the Nature and Duration of Unemployment in Canada' (No. 350). His paper with Martin Prachowny 'The Anatomy of Managed Exchange Rates' is forthcoming in a *Festschrift* for Vincent Bladen.

In addition to the paper with Steve Kaliski, **Martin Prachowny** has written 'A Case for Managed Exchange Rates', *Economic Record*. His most recent papers are. 'Sectoral

Conflict over Stabilization Policies in Small Open Economies (No. 3 in the IER discussion papers) and 'Wage Indexation: Social Benefits and Private Incentives' (No. 368).

Dan Usher's book, *The Measurement of Economic Growth* has been published at last by Blackwell and Mott, and Columbia University Press. *The Measurement of Capital* edited for the NBER is to be published by the University of Chicago Press. *The Economic Prerequisite to Democracy* also published by Blackwell and Mott, and Columbia University Press is due next year. His most recent paper is entitled, 'How Should the Redistributive Power of the State be Divided Between Federal and Provincial Governments', *Canadian Public Policy*, 1980.

A. F. Shorrocks will be Commonwealth Research Fellow and Queen's Quest Visiting Scholar in the Department from January to September 1981.

Richard Arnott's forthcoming publications continue to reflect his interest in urban economics, as shown by his papers on 'Unpriced Transport Congestion', *Journal of Economic Theory*; 'Aggregate Land Rents, Expenditure on Public Goods, and Optimal City Size' (with Joseph Stiglitz), *Quarterly Journal of Economics*; 'A Simple Urban Growth Model with Durable Housing', *Regional Science and Urban Economics*; 'The Property Tax as a Tax on Value', *Canadian Journal of Economics*; and 'Optimal Taxes and Subsidies for a State or Local Government', *Journal of Urban Economics*. Last summer he gave lectures on the determinants of urban spatial structure to the MIT Summer Workshop in Urban Economics in August 1979 and he continues to serve on the editorial board of the *Journal of Urban Economics*.

Ross Milbourne has written papers recently on 'Optimal Strategies and Fixed Prices', and 'Output and Employment Fluctuations in Walrasian Models'. In collaboration with George A. Akerlof he wrote 'The Consequence of Timing of Purchases for the Demand for Money'. Two other joint papers with George Akerlof are forthcoming – 'Irving Fisher on his Head II: The Consequences of the Timing of Payments for the Demand for Money' in the *Quarterly Journal of Economics*, and 'The Short Run Demand for Money' in the *Economic Journal*.

The third edition of *Economics*, the textbook by R.G. Lipsey, G.R. Sparks and P.O. Steiner was published in 1979. This is the most widely used introductory economics text in Canada. **Gordon Sparks** also published 'The Choice of Monetary Policy Instruments in Canada' in the *Canadian Journal of Economics* (Nov. 1979). For 1979-80, he was the coordinator of Economics 110 – the introductory course in Economics which has grown to 19 separate classes with about 65 students in each and a correspondence course.

Marvin McInnis has co-authored with Frank Lewis a paper that challenges the widely held view that French-Canadian farmers in the early nineteenth century were backward and inefficient in comparison with English-speaking farmers in Lower Canada. The paper was presented at the annual Cliometrics conference at Chicago in June and a revised version has been accepted for publication in the *Journal of Economic History*. Dr McInnis is continuing research on related topics and reported to the Conference on Quantitative Methods in Canadian Economic History at Halifax in October on some aspects of the relationship be-

tween population pressure and agricultural productivity in early nineteenth century Lower Canada. He is also completing, in cooperation with Mac Urquhart, the write-up of new estimates of Canadian national income originating in agriculture for the period from Confederation up to the mid-1920's. Dr McInnis is one of a large group of scholars that has launched the development of a major historical atlas of Canada. The project, centred at the University of Toronto with important secondary centres of activity at Queen's and several other Canadian universities, is the largest project ever funded by the Social Sciences and Humanities Research Council of Canada. Dr McInnis is a member of the editorial board of volume III of the atlas, covering the period 1881-1951, and will be responsible for sections on population and agriculture.

In 1979 **Rod Fraser** completed a study of 'The Market Structure of the Pharmaceutical Industry in Canada'. He was appointed Associate Dean of Arts and Science on July 1, 1979. On October 30, 1979 he was appointed as a member of a three man 'Commission to Review the Collective Negotiation Process Between Teachers and School Boards', Ontario. He has ongoing research on both 'licensing and professional incomes', and 'health care economics'.

Charles Beach spent the year 1978-79 as academic visitor at the London School of Economics and Political Science. He will be publishing *Distribution of Income and Wealth: Theory and Evidence for Ontario* with Frank Flatters and David E. Card for the Ontario Economic Council. He has also published 'Maximum Likelihood Estimation of Singular Equation Systems with Autoregressive Disturbances' with

James MacKinnon in the *International Economic Review* (June 1979). His recent IER discussion papers include 'Model Free Statistical Inference with Lorenz Curves, Income Shares and Gini Coefficients', and 'Influence with the Relative Mean Income Curve and Associated Inequality Measures'.

In addition to his work with Charles Beach, **James MacKinnon** published 'Computing Equilibria with Increasing Returns', in the *European Economic Review*, 12, 1979; and 'Convenient Singularities and Maximum Likelihood Estimation' in *Economic Letters*, 3, 1979. 'Computing Optimal Tax Equilibria' (with R. Harris) appeared in the *Journal of Public Economics*, 11, 1979. His paper, 'Solving General Equilibrium Models by Fixed Point Methods', is to appear in the proceedings of a conference on computing fixed points held at the University of Wisconsin, Madison, May 1979. He collaborated with Nancy Olewiler on a paper forthcoming in the *Bell Journal of Economics*: 'Dis-equilibrium Estimation of the Demand for Copper'. Dr MacKinnon and **Dr Russell Davidson** have collaborated on two recent IER discussion papers: 'Several Tests for Model Specification in the Presence of Alternative Hypotheses', IER Discussion Paper No. 336, 1979. Revised version, September 1979, and 'Inflation and the Savings Rate', IER Discussion Paper No. 351, 1979. They are currently doing further work together on procedures for testing the validity of econometric models under a grant from the Social Sciences and Humanities Research Council of Canada.

In 1979, **David Smith** edited *Economic Policy Advising in Canada: Essays in Honour of John Deutsch* to be published by the C.D. Howe Research Institute. A study he has

made of British trade union growth and strike behaviour will appear as a chapter in a book edited by Richard Caves and Lawrence Kraus and published by Brookings, on the structure and performance of the British economy. He has a note on 'The West in the Canadian Confederation' in a volume (Elliot J. Feldman and Neil Nevitte, eds., *The Future of North America: Canada, the United States and Quebec Nationalism*, Harvard Studies in International Affairs. No. 42) that arose out of a seminar he joined while on leave at Harvard in 1977-78.

Slobodan Djajic completed his graduate work at Columbia in December 1978. He received his PhD from Columbia in May 1979 and arrived at Queen's in the fall of 1979. He has just completed a paper on 'Monetary and Commercial Policy in a Two Country Model with Perfect Foresight and Capital Mobility'. His main area of current research is optimal intervention in currency markets in response to foreign, monetary and real disturbances.

Michael Abbott's current research reflects his interest in Labour Economics. He is working on the econometric modelling of trade union growth as well as on the econometric modelling of aggregate strike frequency. In addition, he is developing estimates of union/nonunion relative wage differentials. The remainder of his research includes other aspects of wage structure.

Alan Green delivered a series of lectures on migration at Yale in March 1979 and chaired the Economic History Seminar at Harvard in the winter of 1979. He is continuing his research on the impact of immigration on the Canadian economy before 1930. Together with Robin

Boadway, he prepared a report on the economic implications of migration to Newfoundland for the Economic Council of Canada. Dr Green has also completed the estimation of income originating in the transportation and communication sector of the National Accounts covering the period 1870-1926. This involved, ultimately, 1500 cell estimates plus accompanying notes. The new estimates will form the basis for a monograph on railroads and economic growth in Canada. He is also working on the economic implications about large scale project financing that can be drawn from railroad building in Canada from 1870 to 1914 and on a study of the iron and steel industry.

Frank Flatters completed five years as an Associate Editor of the Canadian Journal of Economics in August 1979 just before he left for a sabbatical year as Honorary Research Fellow at University College, London and as an Academic Visitor at the University of Essex and the London School of Economics. His paper 'Statistical Measurement of Social Equity' was published by Statistics Canada and the Social Science Federation of Canada in their volume, *Statistics and the Social Sciences: A Joint Symposium*. In November 1979 he attended the First Canadian-Hungarian Economic Roundtable Conference in Budapest and the paper he presented, 'An Introduction to Some Current Economic Policy Issues in Canada', will be published in *Proceedings of the First Canadian-Hungarian Economic Roundtable Conference*, Hungarian Academy of Sciences (in English and Hungarian), in 1980. His work with Charles Beach for the Ontario Economic Council on the distribution of income and wealth has already been mentioned. As a result of his work for the Economic Council of Canada

on their Newfoundland reference, the Council will be publishing two papers by Dr Flatters: 'The Newfoundland Economy: An Introduction to the Issues' (with L.W. Copithorne and P. Smith), and 'Governments and the Economic Environment in Newfoundland'.

Richard Lipsey was on leave in 1979-80 as Visiting Canadian Studies Professor at Yale University. In 1979 he published 'Location as a Barrier to Entry: The Theory of Market Pre-emption', in *Economica*, May 1979; 'A Comment on Location and Industrial Efficiency', in the *Quarterly Journal of Economics*, August 1979; 'World Inflation', the *La Trobe Memorial Lecture*, given at La Trobe University, Australia, August 1979 and published by the University; and *An Introduction to Positive Economics*, 5th Edition, Weidenfeld (Publishers) Limited, London, March 1979. He has articles forthcoming in the *Journal of Regional Science* ('Comparison Shopping and the Attraction of Homogeneous Firms') and in the *Journal of Urban Economics* ('A Reconsideration of Fetter's Law of Markets'); his paper 'Economists, Policy Makers and Economic Policy', will appear in *Essays in Honour of John Deutsch* to be published by the C.D. Howe Research Institute. 'An Economist Looks at the Future of the Price System', is forthcoming in the fall of 1980 in the Nobel Conference Lecture Volume. He is currently doing research on space in value theory. Dr Lipsey was in charge of the program for the meetings of the Canadian Economics Association in Montreal in June, 1980 and is currently its president.

Nancy Olewiler has been on leave this past year at the University of California, Berkeley. She is now working on research on mineral economics, on mineral leasing

policies in Canada, on destructive competition in nonrenewable natural resource industries, and on the North American Potash Industry. During the summer and fall of 1979 she worked for the Economic Council of Canada on job creation prospects in the Newfoundland Mining Industry and in the regulation of natural resources in Canada. As well as the forthcoming paper with James MacKinnon, cited above, she published a paper in *Economica*, in May 1979, co-authored with Richard Harris; its title is 'The Welfare Economics of Ex-Post Optimality'.

Richard Harris also published 'Efficient Commodity Taxation' in the *Journal of Public Economics* in 1979, as well as his article with Nancy Olewiler. He was co-winner of the Best Article of the Year Award, in *Economic Inquiry*, 1978, presented by the Western Economic Association. He is spending his sabbatical year as Ford Visiting Research Professor at the University of California, Berkeley. His article 'Government Enterprise: An Instrument for the Internal Regulation of Industry (with E.G. Wiens) is forthcoming in the *Canadian Journal of Economics*. The *Journal of Financial and Quantitative Analysis* will publish his article entitled 'A General Equilibrium Analysis of the Capital Asset Pricing Model'. He is now working on research on dominant public firms, on efficiency and equilibrium with incomplete markets and on investment in non-competitive industries. Together with Doug Purvis he is doing research on persistence effects and rational expectations.

Doug Purvis spent his sabbatical year in 1979-80, as visiting scholar at the Institute for International Economic Studies, University of Stockholm and, then, as visiting fellow at the University of Warwick.

This past year he published 'Wage Responsiveness and the Insulation Properties of a Flexible Exchange Rate', in Assar Lindbeck, Editor, *Inflation and Employment in Open Economies* (Amsterdam: North-Holland), 1979, and 'Wages, the Terms of Trade, and the Exchange Rate Regime', in Proceedings of Fourth Paris-Dauphine Conference, *Zeitschrift der Wirtschaftswissenschaften*, 1979. Two invited papers are forthcoming: 'Aggregate Supply and Demand' in Jacob Cohen (editor), *Encyclopedia of Economics and Business* (New York and Base 1: Marcel Dekker), 1979, and 'Inflation in a Developing World: Summary and Comments' in Jane Flanders and Arsaf Razin (editors), *Inflation in a Developing World: Proceedings of a Conference* (New York: Academic Press), 1979. He is currently doing research on exports and domestic economic activity, on the resource allocation effects of short run stabilization policy, and on factor markets and models of exchange rate determination. Dr Purvis organized the Conference on Issues in Canadian Public Policy held in April 1979. He is the chairman of the organizing committee for the John Deutsch Roundtables on Economic Policy, the first of which will take place this fall. He will also edit the roundtable proceedings for publication. During 1979 he presented seminars at 19 universities and institutions in Canada, the United States, England, Sweden, Norway, and France.

Frank Lewis was on sabbatical leave in 1979-80 at the National Bureau of Economic Research, Stanford, California. In 1979 he published 'The Transition of Land to Urban Use', in the *Journal of Political Economy*, and 'Explaining the Shift of Labor from Agriculture to Industry in the United States: 1869 to 1899', in the *Journal of Economic His-*

tory. This year, his article with Claudia Goldin, 'The Role of Exports in American Economic Growth during the Napoleonic Wars 1793 to 1807', appeared in *Explorations in Economic History*. He presented a paper entitled 'Explaining the Expansion of Wheat Cultivation on the Canadian Prairies: 1898-1911', to the 10th Conference on Quantitative Methods in Canadian Economic History. Frank Lewis and Marvin McInnis delivered their paper 'The Efficiency of the French-Canadian Farmer in the Nineteenth Century', to the Conference on the Application of Economic Theory to Problems in Economic History. His current research interests include: explaining settlement on the Canadian Prairies during the 'Wheat Boom' period; analyzing the growth in investment in education in Canada; and explaining the increase in savings rates in the United States during the nineteenth century.

John Baldwin, during 1979-80, has been on sabbatical at Harvard where he has been working on a diverse set of projects. These include: the effects of 'voluntary' regulations in three different industries, a model of 'optimal' regulatory behaviour, the difference in the response of domestic and foreign firms to a changing external environment, and an extensive study of the Canadian petroleum industry.

As Director of the Industrial Relations Centre, **W. Donald Wood** published the 1979 edition of *The Current Industrial Relations Scene in Canada* (695 pp.). He spoke on the Canadian collective bargaining scene to the May Industrial Relations Seminar and the Annual Fall Industrial Relations Seminar held in October, organized by the Centre. At the Centre's Personnel and Human Resource Management

Seminar held in May he gave a talk on *Labour Forces Trends: Patterns and Implications*. In 1979 he spoke on emerging trends in personnel and industrial relations to a number of personnel associations across Canada, in Toronto, Kingston, Saskatchewan, Alberta, the Maritimes, and Ottawa. He was also guest speaker at the annual meeting of the Canadian Confectionary Association in Toronto and an invited member of a panel discussion of the Report of the D'Avignon Commission on Personnel and the Merit Principle in the Federal Public Service held in Montreal.

Jon Harkness spent the summer of 1979 as a consultant with the Bank of Canada and came to Queen's in the fall. His paper 'Thoughts on the Future of Canada's Comparative Advantage' will be published in the proceedings of a conference sponsored by the Institute for Research on Public Policy, March 26-27, 1980. His review of P.I. Berman's book *Inflation and the Money Supply in the United States* appeared in *Annals of the American Academy of Political and Social Sciences*, March 1979. He delivered his paper 'Intermediate Imports and Optimal Stabilization Policies' at the International Economics Conference, in Vienna, as well as at Carleton University and at the Toronto-Queen's Macro Economics Workshop. He presented his paper 'The Factor Proportions Model with Many Nations, Goods and Factors: Theory and Evidence' at the Bank of Canada and at McMaster. It has been issued as IER Discussion Paper 358. He is currently working on the dynamics of Canadian comparative advantage, on a stochastic equilibrium model of the world economy, and on the impact of foreign stocks in large open economies. As well, he is doing research with J. Williams on a computational general equilibrium model of the Canadian tariff.

The sixth edition of **Duncan McDougall's** book with Thomas Dernberg of American University, Washington, DC, *Macroeconomics: The Measurement, Analysis and Control of Aggregate Economic Activity* (McGraw-Hill) was published in the spring of 1980. Previous editions have appeared in Japanese, Thai, Spanish, Portuguese, Italian, and in an international student edition. He is currently working on a text in introductory economics with Jim Quirk of California Institute of Technology, to be published by Science Research Associates. The tentative publishing date is spring of 1981.

H. Scott Gordon was Lansdowne Visiting Professor at the University of Victoria for the fall term of 1979. His book *Welfare, Justice, and Freedom* will be published in the fall of 1980 by Columbia University Press. He continues to hold a joint appointment at the University of Indiana and at Queen's and spent from June to August this year at Queen's.

Alison Morgan joined the Department of Economics as Senior Administrative Assistant in September 1979. In 1979, as a result of previous work as a consultant with the Quebec Government, l'Office de planification et de développement du Québec (OPDQ) published *Evolution de la répartition des revenus au Québec 1961-1976* which she co-authored with Monique F.-Desrochers and Alain St-Onge. Her study *L'impact des transferts sur la répartition des revenus au Québec* will be published shortly by the OPDQ. She also contributed a paper on the effects of population aging on consumption structure and saving to a study of the economic effects of an aging population by the OPDQ. Her paper 'The Impact of Transfers on the Distribution of Income in

Quebec: Elements of Analysis Applied to Certain Programmes' appeared in *Reflections on Canadian Incomes*, selected papers presented at the Conference on Canadian Incomes, May 10-12, 1979, Winnipeg, Manitoba, and published by the Economic Council of Canada.

Special Items of Interest

Conferences on Issues in Canadian Public Policy

Two conferences on Issues in Canadian Public Policy were held at the Donald Gordon Centre in April 1978 and April 1979, respectively. Each Conference was organized by Douglas D. Purvis and supported by the Social Sciences and Humanities research Council of Canada and the John Deutsch Memorial for the Study of Economic Policy with additional support from other organizations. Some 35 to 40 economists from several universities, government departments and agencies, and private firms and research organizations attended the first Conference and some 65 the second. The topics discussed ranged widely over the field of economics policy including stabilization, regulation, labour markets, the role and size of government, industrial, agricultural, and energy policies, and the process of policy formation.

The first Conference focussed on identifying policy problems and related research agenda. The papers discussed, and a summary of the discussion, were subsequently edited by Purvis and issued in mimeographed form by the Institute for Economic Research at Queen's.

The papers given at the second Conference, reported in greater depth on several topics identified at the first. The papers, comments upon them, and discussions have been edited by Ronald G. Wirick of the University of Western Ontario and issued by the IER.

As a sequel to the two conferences, the Institute for Research on Public Policy and the John Deutsch Memorial for the Study of Economic Policy, are underwriting three 'John Deutsch Roundtables on Economic Policy' in the fall of 1980, the spring of 1981 and the fall of 1981. Planning for the sessions is under the direction of Douglas Purvis who will also

edit the papers, discussants' comments and a summary of discussion for publication.

Urban Economics and Public Finance Workshops

A three day Workshop in Analytical Urban Economics, organized by Richard Arnott, was held at Queen's June 12-14, 1978. The aim of the Workshop was to provide a forum in which researchers in the area could meet one another and discuss research in progress and fruitful directions for future research. Fifteen papers were delivered on topics in transportation, housing, land development, location theory, local government, and urban growth. The papers were published in the Institute for Economic Research discussion paper series.

Plans are now underway for a week long public finance workshop for late next summer. Sessions that will emphasize a synthesis of recent developments in the major areas of the subject are being organized by Robin Boadway and Jack Mintz.

Both Workshops are made possible through the underwriting of the John Deutsch Memorial.

Interchange '80

The Interchange '80 Conference, with Gordon R. Sparks as chairman, was held in the Department of Economics on May 30, 1980. The purpose of the Conference was to bring together teachers of Economics at the high school, community college and university levels to discuss current economic issues.

About 60 men and women participated. The focus was on monetary and fiscal policy with a luncheon address on Labour Market Policy by the Minister of Labour, Province of Ontario.

The Mac Urquhart Academic Fund

With the advent of the 1979-80 academic year, Professor Mac Urquhart reached official retirement age, although he showed no retiring characteristics as he headed off for an active year in the Canadian Studies Chair at the University of Edinburgh. Mac's career at Queen's spans the last four decades and his guidance has been critical through the post-war expansion of the department. While Mac still continues his association with the department, his students felt that it was appropriate to honour him now. They approached the Economics Department last year with a request that a vehicle be created to accomplish this. As a result of these representations, the 'Mac Urquhart Academic Fund' has been established.

The fund will have two objectives. Both of these will promote the academic development of the Economics department. First, it is intended to establish an award for scholastic achievement. There are several areas, both at the undergraduate and graduate level, where scholarship funds are presently needed. Mac has long taken an interest in the principles course in economics and it is our intent to bolster the award in this area. Graduate scholarships are also needed because of the restraints that have been placed on the funding of higher education. It would be appropriate to establish a scholarship in Mac's honour in this area because of his great contributions to the development of the graduate programme.

The second objective that has been set for the 'Mac Urquhart Academic Fund' is the establishment of a 'lecture' in his honour. A number of the Economics Department's graduates have expressed an interest in having the opportunity

to meet occasionally on campus. A lecture in Mac's honour, perhaps in connection with reunion weekend or spring convocation, would provide an ideal opportunity to honour him, and an appropriate setting for graduates to renew old friendships.

The 'Mac Urquhart Academic Fund' has been established as part of the Queen's Quest Fund Drive and contributions, which are tax deductible, may be sent to:

The Mac Urquhart Academic Fund
c/o Queen's Quest
Queen's University
Kingston, Ontario
K7L 3N6

We would also be pleased to consider any further suggestions from donors about the ultimate disposition of funds. Communications on this matter should be addressed to the Chairman, Department of Economics.

Finding Jobs for New Graduates

The Department assists graduate students in finding jobs. A perennial problem is that many interesting jobs for which these students might be well-qualified are not widely advertised. If you know of any job opportunities in your company or elsewhere which are not advertised through on-campus recruiting, would you please notify Professor Marvin McInnis, the undergraduate placement officer, or Professor Doug Purvis, the graduate placement officer.

Recent PhD Degree Recipients

1979 – MAY

Connidis, Ingegjerd Lilla

A study of the auto pact and its consequences.

Supervisors: J.R.Baldwin,
S.F.Kaliski

Frank, James Godfrey

Labour supply estimates: the case of single individuals in Canada.

Supervisors: M.G.Abbott,
D.C.Smith

Khan, Akbar Ali

Some aspects of peasant behaviour in Bengal. 1890-1914: A neo-classical analysis.

Supervisors: A.G.Green, F.D.Lewis

Staranczak, Genio Alexander

Welfare implications of Ontario's public housing program

Supervisor: J.M.Hartwick

1979 – OCTOBER

Laverty, Patrick Timothy

Financial instruments and wealth.

Supervisor: G.R.Sparks

Stokes, Ernest Ball

Housing markets in Canada: An Econometric analysis using regional panel data.

Supervisor: G.R.Sparks

1980 – MAY

Ford, Robert Patrick

Three essays on exchange rate determination.

Supervisor: D.D.Purvis

Owens, Patrick Thomas

A model of the term structure of interest rates.

Supervisor: G.R.Sparks

Popoff, Allan

A dynamic econometric model of corporate financing behaviour.

Supervisor: G.R.Sparks

Stollery, Kenneth Robert

A theory of the exploration and production of minerals.

Supervisor: D.Usher.