

It is nice to start a column on an upbeat note, but sometimes sadness is unavoidable. March saw the passing of two major figures in business economics: Walter Hoadley and Edgar Fiedler. Edmund Mennis and Jay Woodworth have written memorials to these two outstanding economists who reached the pinnacle of our profession and were also warm, wonderful human beings. They will be missed.

Business Economics seeks to print articles with “shelf-life”—explorations of topics that will be with us for some time rather than those that are likely to be resolved within weeks or months. Thus, pending legislation is only fair game if its implications are likely to be of enduring interest or whether it is so controversial that it is bound to be revisited. The Bush Administration’s tax proposals fill both of the shelf-life criteria. Thus, we lead off with H. Glenn Hubbard’s exposition and advocacy of these proposals. Alice Rivlin, however, expresses serious misgivings about them, particularly in the light of looming demographic shifts, and proposes alternative fiscal measures for short-run stimulation.

One of the few propositions upon which economists can reach a consensus is that consumers have sustained the economy through the recent recession and current recovery. Richard Curtin explores the rich lode of data from the University of Michigan’s Surveys of Consumers to shed light on the crosscurrents that influence today’s consumers and that make predictions about their future behavior an increasingly complex task.

Spencer F. England investigates the relationship between monetary policy and stock market P/E performance. The risk premium for stocks that is perceived by the market makes the relationship much more complex than is often appreciated. In particular, it sheds light on why the relationship between P/Es and interest rates has undergone major shifts over the past fifty years.

Two articles on very different topics explore strategic competitive situations that have important implications for business. Hossein Askari explores the issues of how littoral countries divide oil production rights in the Caspian Sea, a matter of importance to oil companies, equipment vendors, engineer-constructors, and financiers. In particular, he illustrates the costliness of hard bargaining if such bargaining leads to delays in exploiting this resource. Ilhan K. Geckil illustrates the use of game theory in strategic situations to explore how the various types of automobile manufacturers would react to proposals to broaden the application of Corporate Average Fuel Economy standards.

In *Focus on Statistics*, Robert P. Parker discusses how various statistical agencies are incorporating the new North American Industry Classification System (NAICS) into their data series and the implications of these changes. In *Focus on Industries and Markets*, Andrew C. Gross and Michael B. Richardson describe the four-billion dollar water treatment chemicals industry and the factors that drive it.

Corporate governance is becoming an issue of major interest and importance. In *Forum on Emerging Issues*, James L. Bicksler describes what we know, what we do not know, and what is bitterly contested about this controversial area. Tim O’Neil, the current president of NABE, describes the work of the economics department of the BOM Financial Group in *Economics at Work*, emphasizing how the group adds value to the internal functioning of the bank, both by working for internal clients and by adding unique expertise to the work of other groups in cooperative efforts.

Introducing Robert P. Parker, Co-Editor of the Focus on Statistics

From time to time, we have profiled the editors of the regular features of *Business Economics*: Focus on Statistics, Focus on Industries and Markets, Economics at Work, and Book Reviews. In this issue, the spotlight falls on Bob Parker, who—together with Maurine Haver (profiled in April, 2002)—edits and contributes to Focus on Statistics. He has provided us with his dedication and insight in this capacity since 1995.

Bob has been the Chief Statistician of the U.S. General Accounting Office since July 2000. He directs GAO’s work on the operations of the federal statistical system and advises GAO staff on the use of statistics and statistical methodologies in the conduct of audits and evaluations of government programs and operations. Before joining GAO, he served for five years as Chief Statistician of the Bureau of Economic Analysis (BEA). He also served as BEA’s Associate Director For National Accounts for twelve years. He is a member of the National Business Economics Issues Council and the Conference of Business Economists and serves on the Statistics Canada National Accounts Advisory Committee. He is also a member of NABE’s Statistics Committee.

Bob has authored and co-authored many articles in the *Survey of Current Business*, including articles on treating expenditures for software as investment, chain-type measures of real output and prices, and revisions to GDP. In recognition of his contributions, he was selected by the

New York Association for Business Economics as the recipient of the Butler Award for 2000 and by NABE and the Washington Statistical Society as the recipient of the Julius Shiskin Award for 1999. He is a Fellow of the American Statistical Association.

Bob received a BA in mathematics from Duke University and did graduate work in economics at American University.

Robert Thomas Crow
rcrow@stanford.edu

RATS Version 5. Now Better Than Ever.

RATS, the leading choice in econometrics and time series analysis software for many years, is now even better. It continues to offer all the basics, including linear and non-linear least squares, forecasting, ARIMA models, and stepwise regression, as well as advanced techniques such as GMM and maximum likelihood estimation (including univariate and multivariate ARCH, GARCH, and related models), vector autoregressions, spectral analysis, and more. We also offer add-on modules for cointegration analysis and X11 seasonal adjustment.

RATS Version 5 offers numerous improvements including:

- New instructions for estimating structural VAR's, analyzing dynamic linear models using state-space modelling, panel-data regressions, and for computing empirical density functions.
- Non-linear estimation routines now include full support for constrained optimization.
- Expanded graphics capabilities, including more flexible scatter plots, additional labelling options, and support for log scales.
- More than 50 new functions for such tasks as concatenating and sorting arrays, embedding loops in formulas, manipulating strings, and much more.
- Expanded documentation—more examples, more topics, more technical details, reformatted as two convenient 7"x9" books.

RATS is available for Windows, Macintosh, UNIX, and Linux systems. Student discounts and multi-user licenses are available.

For more information, please call:
Or visit our web site at:

1-800-822-8038
<http://www.estima.com>



1800 Sherman Ave.
Evanston, IL 60201
sales@estima.com