The Lemberg Program
in International Economics and Finance
Brandeis University

DIRECTOR'S REPORT
Fall 1992

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I. OVERVIEW

The Lemberg Program's fifth academic year marked an important milestone in its history. The major targets established for the program five years ago--for curriculum development, enrollment and placement--have now been met. Enrollment is essentially at capacity, limited by faculty and physical facilities. The program has a very favorable placement record and achieved a seven-to-one ratio of applications to student places--a statistic comparable to those of the country's most selective professional graduate programs. During the past year, the program hosted varied and lively activities and initiated several new research and outreach ventures. It also expanded its Board of Overseers with the addition of distinguished international business leaders.

Recent progress in applications, placement and professional and research activities provides evidence that the program is filling an important need. The prospects for further developing this niche were vigorously explored during the year with the new leadership of the University and with our Board, alumni and friends. As the concluding section of this Report explains, these discussions have begun to crystallize into an ambitious plan to expand the scale and scope of the program's activities over the next five years.

II. DEVELOPMENTS DURING THE YEAR

Admissions and Placement

The number of degree candidates increased from 41 to 45 during the 1991/92 academic year, while total enrollment, including exchange students, rose from 56 to 66. As in the past, approximately one-third of degree candidates were women and one-half international students. The student body included individuals from seventeen countries: Argentina, Austria, Canada, China, Columbia, Denmark, Germany, Honduras, Hungary, Jamaica, Japan, Luxembourg, Peru, Singapore, Spain, Turkey, and Zambia.

The year witnessed a dramatic surge in applications. The number of non-Brandeis applicants increased by 55 percent, from 93 to 144 in the previous year, and altogether 161 applications were received for the Class of 1994. Thirty-five percent of those who applied were admitted, and half of those admitted matriculated. The Class of 1994 will have 24 degree candidates, including nine international students from Austria, China, Hungary, Japan, Mexico, Russia, Singapore and Turkey. Program demographics are summarized in Attachment A.

Those students who fail to accept our offer of admission typically choose other leading graduate schools of business administration and international affairs, including especially Columbia University. Columbia has strong programs in both international business and international relations, and has recently simplified cross-registration between these schools. Many students see the choice between Brandeis and Columbia as difficult, often weighing the advantages of Columbia's long-standing reputation against our more innovative, personal approach. Clearly, our size, international focus, and rigorous blend of economics and finance are strong advantages, worth emphasizing in recruiting efforts.

Lemberg placements continued strong in 1992, despite what was widely described as the worst job market for new graduates in two decades. As of October 1, as far as we know, all members of the Class of 1992 had either accepted positions, or had offers pending. New employers include AT&T, Banker's Trust, Bausch & Lomb, KPMG Peat Marwick (Budapest), Merrill-Lynch, the Ministry of Finance (Budapest), National Westminster Bank, Nomura Securities (Tokyo), Putnam, Hayes & Bartlett, Republic National Bank of New York, Refco Group Ltd., Salomon Brothers, Shearson-Lehman Brothers, and State Street Bank & Trust. The critical internship component of the Program also continues to expand. This summer 19 of the 21 members of the Class of '93 were able to find business internships with firms such as Bear Sterns, Chase Manhattan, Citibank, Creditanstalt-Bankverein, IBM, the Massachusetts Office of International Trade and Investment, and DB Morgan-Grenfell. A list of placements for the Classes of 1990 to 1992 is included as Attachment B.

An excellent placement record is critical to the program's ability to compete against more established schools. To this end, a new Associate Director for External Relations has been appointed, in part to help students define their employment objectives and to expand corporate contacts for internships and permanent placement.

Export Promotion Grant

The Lemberg Program won its second major competitive award in the U.S. Department of Education's International Business Education grant competition, for approximately $250,000 over two years. This award will support a collaborative effort between the Lemberg Program and Babson College's M.B.A. program. Designed to support efforts aimed at redirecting New England companies from declining, defense-related issues toward products with worldwide potential, the grant links Lemberg's expertise in international finance and economics with Babson's management, entrepreneurial and marketing emphasis.

The grant calls for a range of educational and outreach activities. Lemberg will host a major conference, anticipated for mid-April 1993, focusing on the internationalization of the New England economy. Presenters are expected from leading consulting firms, businesses and State Government in an all-day event. Lemberg will also develop and distribute a new publication, the New England Export Bulletin, promoting export awareness to small regional businesses.

The two schools are also collaborating to upgrade their curricula. Two courses will be added at Lemberg, one on "International Marketing" and a "Seminar in Transition Economics." The existing lab course, in which students from both institutions worked with executives from local businesses on export-promotion, will be upgraded to an "Export Development Laboratory," and the schools will jointly offer two executive education courses, "Opportunities for U.S. Companies in Transition Countries" and "International Finance for Small Business," respectively.

Events

A wide range of academic events (Attachment C) were scheduled during the year. Visitors to the Faculty Seminar Series and the LSA Luncheon Series included Rolf Timans (Head, Division for Recruitment, Directorate General of the European Community), Miguel Mesquita da Cunha (Secretariat General of the EC Commission), William Givens (Vice President of Twain Associates), Christopher Whalen (Senior Vice President of the Whalen Company), Charles Kindleberger (MIT), Kathryn Dominguez (Harvard), Jeffrey Minck (Washington University) and Brad Delong (Harvard and NBER). Faculty seminar subjects included foreign currency options, spillovers from direct foreign investment, financial scandals, and cartels in Japan. The Laboratory Course also hosted a series of export specialists who discussed issues such as letters of credit and other payment mechanisms, freight forwarding, international legal and tax problems, and how to set up an overseas distribution network.

LINC Associates, the student-run consulting group, expanded its international business network. LINC established a strategic alliance with a "Junior Enterprise" affiliate of L'Ecole Centrale Paris, giving it exclusive bidding rights for business contracts initiated by European Junior Enterprise groups requiring U.S.

research. This commitment opens new opportunities for LINC with JE affiliates in Germany, Italy, the Netherlands, Portugal and Spain.

The Lemberg Alumni Association grew stronger and more active. Alumni assisted with recruitment and placement and participated in a range of on-campus and regional functions. Sixty percent of alumni contributed to the second Alumni Fund campaign, raising over $3,000, or three times last year's amount. The Association also moved to establish contacts with other Brandeis alumni groups; Amy Kessler '90 now represents the LAA on the Brandeis Alumni Board and in the Boston Business and Professionals Network. President Thier authorized the addition of an alumni representative to the Lemberg Board of Overseers and the selection process is underway.

Research

Lemberg faculty continued to be active and visible in their research activity. The Program published a list of faculty Working Papers (Attachment D) and a Reprint Series of recent faculty publications (Attachment E). Faculty members were also involved in a wide range of international research and teaching activity. Barbara Alexander taught Industrial Organization in Poland, Barney Schwalberg was the first western economist to lecture at the Ministry of Economy in Moscow, and Anne Carter, Rachel McCulloch and Peter Petri all travelled to Asia to present papers and attend conferences. Gary Jefferson continued his research on reform and productivity in China's industrial enterprise by directing a major World Bank project on the topic. Arthur Lewbel presented several papers, published a software package to accompany a textbook on microeceonomics, and received another grant to continue his econometric research.

Changes in Staff, Faculty and Board

The program's faculty remained essentially unchanged. Professor Peter Petri returned from sabbatical leave at the World Bank in Washington D.C. and at Keio University in Japan. Professor Stefan Gerlach was granted tenure and promoted to the rank of Associate Professor. Professor Gerlach will be on leave during the 1992-93 year to pursue macroeconomic research at the Bank for International Settlements in Basel, Switzerland.

The program's staffing changed substantially. Professor Peter Petri resumed the position of Director; Professor Rachel McCulloch, who acted as director in the interim returned to teaching. A new staff position was established, entitled Associate Director for External Relations. The position has been filled by Makino Ruth, who came to Brandeis from a position as Vice President for a Japanese-American joint venture. Mr. Ruth will oversee career development and placement, recruiting, public relations, and special projects. Assistant Director Connie Brennan resigned after three very successful years, moving to Hong Kong. Her position has been filled by Melissa Trotta. Ms. Trotta has previously worked in admissions, financial aid, and counseling and recently completed an M.A. in Higher Education Administration at Boston College. Kristin Cohen, previously Secretary, was promoted to Administrative Assistant in recognition of her rapidly expanding responsibilities and outstanding performance.

In keeping with its educational and research mission, the program has taken steps to internationalize its Board of Overseers. Five new members joined the Board during the year. They are: Suk-Won Kim '92, Chairman of the Ssangyong Business Group, Korea; Yotaro Kobayashi, Chairman of Fuji Xerox Co., Ltd., Japan; Tasuku Takagaki, President of the Bank of Tokyo; and Shinichiro Torii, President of Suntory Ltd., Tokyo; and David Yoffie '76, Professor of International Business at the Harvard Business School. The Program regrets the loss of a founding member of the Board, Robert Boas, Chairman of Carl Marks & Co., who passed away in June 1992.

III. PLANNING FOR THE FUTURE

The change in the academic leadership of the University--with President Samuel Thier, Provost Jehuda Reinharz and Dean of the Faculty Irving Epstein all assuming their positions during the year--occasioned wide-ranging discussions about the future of Brandeis University in general, and of the Lemberg Program in particular. Within the Lemberg Program, a plan was drafted (Attachment F) to expand and strengthen the program over the next five years.

The draft plan calls for the launching of a new Graduate School of Global Economics and Management, which would provide a stronger base for the Lemberg Program as well as add new complementary programs. Under this plan, the Lemberg Program would double, from 50 to 100 degree students by 1997. A small Ph.D. component would be added, admitting 5-8 students per year. In addition, new special programs would be developed in executive and professional education. The plan has been approved by the University's Academic Planning Group and a detailed proposal for a Ph.D. program has been approved by the University's Graduate School Council. If the required resources are available, the Ph.D. program will admit its first students in the fall of 1994.

The implementation of the plan will require external support on the order of $1 million over the next five years. During this time, additional endowment funding will also have to be secured to ensure the long-term viability of the project. Substantial progress has been made toward raising the funding necessary for the short term.

At the Board of Overseers meeting held in New York in April, Dr. Michael Schulhof announced a pledge of $250,000 provided that the remaining support could be also mobilized. Overseer Charles Housen and his wife Marjorie Housen have recently pledged $100,000 toward the project. The new grant from the Department of Education will provide approximately $125,000 over the next two years for related activities at Brandeis. Efforts are underway to secure the remaining funding.

ATTACHMENT A
PROGRAM DEMOGRAPHICS, 1986-1992

The Program admits students with BAs for a two-year MA, as well as Brandeis undergraduates for a one-year MA following receipt of the BA. These students enter in their junior or senior year and are designated "undergraduates" prior to receiving the BA.

A1. Composition of the Student Body

	86/87	87/88	88/89	89/90	90/91	91/92
Degree Students	8	23	29	33	41	45
Undergraduates	8	17	10	9	10	6
Graduate Students	0	6	19	24	31	39
Special Students	0	1	1	1	1	0
Exchange Students	0	4	7	12	14	21
Total	8	28	37	46	56	66
Memorandum						
Percent Women*	13	39	31	30	24	31
Percent Int'l**	0	26	41	42	54	51

* Degree candidates only

** Degree candidates only; includes U.S. citizens with dual citizenship and foreign-born U.S. permanent residents

A2. Outside Applications

MA Class of	1989	1990	1991	1992	1993	1994
Applied	12	25	58	71	93	144
Admitted	7	15	21	27	41	47
Enrolled	6	7	13	15	21	17
Not Enrolled	1	8	8	12	20	30
Of which:						
Deferred	0	2	0	8	3	6
Other MA/MBA	1	2	5	0	6	13
Ph.D.	0	3	1	0	1	4
Unknown	0	1	2	4	10	7
Memorandum						
Percent Accepted	58	60	36	35	44	33
Percent Enrolled	86	47	62	60	51	36

ATTACHMENT B

M.A. IN INTERNATIONAL ECONOMICS AND FINANCE
CLASSES OF 1990-92
CURRENT POSITIONS

Banking and Finance

Nathan Behan:	Financial Review Office Merrill Lynch, Denver, CO
Barri Berk:	Structural Development Toronto Dominion Bank, Toronto, Canada
Wilfred Chilangwa:	Research Associate State Street Bank & Trust Co., Boston, MA
Paul Francis:	Associate, Global Securities Chase Manhattan Bank, New York, NY
Donna Hill:	Associate, Financial Institutions Advisory Group Banker's Trust Co., New York, NY
Dan Lenzo	Analyst, Marketing Department, UK/Europe National Westminster Bank, New York, NY
Steve Mermelstein:	Economist Mabon Securities, New York, NY
John Morris:	Associate Republic National Bank, New York, NY
Tony Ohemeng-Boamah:	Associate State Street Bank & Trust Co., Boston, MA
Michael Ramer:	Assistant Treasurer, Commercial Marketing Manager Chase Manhattan Bank, New York, NY
Jonathan Samuelson:	Foreign Exchange Trader Refco Foreign Exchange, New York, NY
Deepak Talwar:	Republic National Bank, New York, NY
Nobuhiro Torii:	Associate Industrial Bank of Japan, Tokyo, Japan
Paul Mark White:	Senior Financial Analyst Chiquita Brands International, Columbia

Investment Banking

Yesim Akun:	Analyst Lehman Brothers, New York, NY
Michelle Eisenberg:	Eurobond Desk Nomura Securities, Milan, Italy
Amy Kessler:	Associate, Municipal Finance Department Lazard Frères, Boston, MA
Evan Mattenson:	Investment Analyst Prudential Investment Bank, New York, NY
Thomas Racky:	Associate DB Morgan-Grenfell, Frankfurt, Germany
Matias Ringel:	Analyst, Latin America Group Salomon Brothers, New York, NY
Stephanie Schear:	Associate Alex Brown & Sons, Boston, MA

Economic Research and Consulting

Saw Lin Ang:	Associate MD Consulting Group, Singapore
Ge Chen:	Associate Thomas James Associates, San Francisco, CA
Barbara Clarke:	Consultant, Transfer Pricing Division KPMG Peat Marwick, Washington, DC
Adam Decter:	Research Analyst Putnam Hayes & Bartlett, Washington, DC
Patrick Dimick:	Research Economist Data Resources, Inc., Lexington, MA
T.K. Kurimura:	Research Associate Nomura Research Institute, Tokyo, Japan
Nitin Manchanda:	Junior Consultant Lewtan Technologies, Waltham, MA
Howard Moyes:	Staff Consultant Andersen Consulting, Florham Park, NJ

Johannes Pfeifenberger: Associate
The Brattle Group, Cambridge, MA

Robert Stoellinger: Associate
KPMG Peat Marwick, Budapest, Hungary

Lan Xue: Associate
The Michael Allen Co., Gorham Island, CT

Other Corporate

David Binder: Global Finance
AT&T, NJ

Daniel Cukierman: Management
Suprema Import-Export, Berlin, Germany

Jing Li: Corporate Accounting
Bausch & Lomb, Rochester, NY

Gene Zeyger: Electronics Industry Consultant
Personal Technologies Inc., Waltham, MA

Michael Zhang: Technical Support
Powderhouse Mortgage Co., Somerville, MA

Public Sector

Udabir Das: Management
Reserve Bank of India, New Delhi, India

Deszo Okanyi: National Bank of Hungary, Budapest, Hungary

Edina Perger: Ministry of Finance, Budapest, Hungary

Philip Rudnicki: Assistant Bank Examiner
Federal Reserve Bank of New York

Paula Spencer: Assistant Bank Examiner
Federal Reserve Bank of Boston

ATTACHMENT C
LEMBERG PROGRAM EVENTS, 1991-92

"Private Railroads, Department Stores, and Residential Development: The Japanese Case," by Robert Evans, Brandeis University.

"The Role of International Organizations in the Bretton Woods System," by Kathryn Dominguez, Harvard University and NBER.

"International Comparisons of Pricing to Market Behavior," by Michael Knetter, Dartmouth.

"Dividends and Profits: Some Unsubtle Foreign Influences," by James Hines, Harvard University.

"Monetary Policy Under Fixed Exchange Rates: Evidence From Causality Tests and VAR's," by Joseph Joyce, Wellesley College.

"Deposit Insurance, Regulation, and Moral Hazard in the Thrift Industry: Evidence from the 1930's," by Richard Grossman, Wesleyan.

"Origins of Futures Trading: The Oil Exchanges in the 19th Century," by Robert Weiner, Brandeis University.

"Leapfrogging: The Game of Nations," by Elise Brezis, Hebrew University.

"Strategic Pricing and Import Protection in the Automobile Industry," by Kaye Husbands, Williams.

"Dynamic Investment Response to Real Exchange Rate Fluctuations," by Nancy Benjamin, Syracuse University.

"Notes on Foreign Exchange," by Robert Aliber, University of Chicago and Brandeis University.

"The Collusion Legacy of the National Industrial Recovery Act," by Barbara Alexander, Brandeis University.

"Investment Incentives in Endogenously Growing Economies," by George Michael Rockinger, Harvard University.

"The Equilibrium Price Volume Relationship," by Jie Wu, Washington University.

"Theoretical Analysis of the Embedded Delivery Option in the Treasury Bond Futures Contract," by Jeffrey Minck, Washington University.

"Estimating Volatility Using Foreign Currency Options," by Jules Buxbaum, University of Chicago School of Business.

"Testing Static Tradeoff Series Versus Pecking Order Models of Capital Structure," by Lakshmi Shyam-Sunder, MIT Sloan School.

"Are There Spillovers From Direct Foreign Investment?: Evidence from Panel Data," by Ann Harrison, Harvard University and the World Bank.

"Excess Volatility in Three Stock Markets: The United States, Britain and Germany," by Brad DeLong, Harvard University and NBER.

"Foreign Direct Investment in the United States," by Rachel McCulloch, Brandeis University.

"Sources of Meteor Showers and Heat Waves in the Foreign Exchange Market," by Ken Hogan, McGill University.

"The Fiscal Crisis in the Northeast: How Long Will It Persist?," by Daphne Kenyon, Simmons College.

"Cartels in Japan," by David Weinstein, Harvard University.

"Market Efficiency and Mutual Fund Inflows," by John Capeci, Brandeis University.

"US-Japan Trade Competition," by William Givens, Twain Associates.

"Financial Scandals," by Charles Kindleberger, MIT.

"1992: The European Community on the Move," by Rolf Timans, Directorate General, European Community; and Miguel Mesquita da Cunha, Administrator, Secretariat General of the EC Commission.

"The Mexican Debt Crisis," by R. Christopher Whalen, Senior Vice President, The Whalen Company.

ATTACHMENT D

WORKING PAPERS
(1991 and 1992)

287 R. Weiner and M. E. Slade (U. B. C.) and C. Kolstad (U. of Illinois), "Demand for Energy and Nonfuel Minerals: Final, Derived and Speculative"

288 S. Gerlach and J. Klock, "Supply and Demand Disturbances and Swedish Business Cycles, 1864-1988"

289 J. Capeci, "Cost of Borrowing by Local Governments"

290 R. Evans, "Academic Tenure: Evidence of Ownership"

291 A. Lewbel, "Semiparametric Errors in Variables and Related Estimators"

292 A. Lewbel, "Consistent Tests of Nonparametric Regression and Density Restrictions"

293 R. W. Click, "Optimum Relative Seigniorage Taxation Across Countries: Theory and Evidence"

294 R. W. Click, "Optimum Seigniorage Tax Rates with Sticky Conventional Tax Rates: Theory and Evidence"

295 S. Gerlach, "Adjustable Pegs vs. Single Currencies: How Valuable is the Option to Realign?"

296 S. Gerlach, "Swedish Business Cycles During the Gold Standard"

297 P. A. Petri, "One Bloc, Two Blocs or None? Political-Economic Factors in Pacific Trade Policy"

298 P. A. Petri, "Platforms in the Pacific: The Trade Effects of Direct Investment in Thailand"

299 J. Capeci, "Debt Limits on Local Government and Borrowing by Special Districts"

300 G. Jefferson and W. Xu, "Assessing Gains in Efficient Production Among China's Industrial Enterprises"

301 R. J. Weiner, "Origins of Futures Trading: The Oil Exchanges in the 19th Century"

302 R. J. Weiner and J. T. Bernard, "Export Pricing in State-Owned and Private MNE's: Evidence from the International Petroleum Market"

303 R. J. Weiner, "Default and Intermediation in International Financial Markets: A North-Sea Oil Case-Study"

304 R. J. Weiner, "Rediscovery of a "Lost" Financial Market: Daly Oil Futures Price Behavior in the 19th Century"

305 R. J. Weiner, "A Comparison of Forward and Futures Markets for Crude Oil: Does the Exchange Matter?"

306 G. Jefferson, K. Chen and I. Singh, "Lessons from China's Economic Reform"

307 A. Lewbel, "Nonparametric Estimation of Average Compensated Price Derivatives"

308 A. Lewbel, "Consistent Tests of Nonparametric Hypostheses: Theory"

309 A. Lewbel, "Consistent Nonparametric Tests of Derivative Constraints with an Application to Testing Slutsky Symmetry"

310 R. Evans, "Private Railroads, Department Stores, and Housing Developments: A Japanese Pattern"

311 S. Gerlach, "Current Quarter Forecasts of Swedish GNP Using Monthly Variables"

312 R. W. Click and S. Gerlach, "Are Business Cycles Caused by Supply or Demand Shocks?"

313 G. H. Jefferson and T. G. Rawski, "A Theory of Economic Reform"

314 R. McCulloch, "The Impact of Foreign Ownership on U.S. Business"

315 P. A. Petri, "The East Asian Trading Bloc: An Analytical History"

316 R. J. Weiner and S. Devarajan, "Are International Agreements to Regulate Global Warming Necessary?"

317 P. A. Petri and D. M. Leipziger, "Korean Industrial Policy; Legacies of the Past and Directions for the Future"

318 R. McCulloch and P. Petri, "Development Finance in an Era of Capital Shortage"

319 J. Capeci and P. Rathjens, "Efficient Security Markets and Inflows to Mutual Funds"

320 S. Gerlach, "War, Inflation and Depreciation: Lebanon 1966-1990"

ATTACHMENT E

REPRINT SERIES

1 S. Gerlach, "Information, Persistence, and Real Business Cycles," Journal of Economic Dynamics and Control, 1989.

2 A. P. Carter, "Knowhow Trading as Economic Exchange," Research Policy, 1989.

3 R. Evans, "Japan's Labor Market: Continuity and Change," Keio Business Review, 1989.

4 S. Gerlach, "Intertemporal Speculation, Devaluation, and the J-Curve," Journal of International Economics, 1989.

5 P. A. Petri, "Capital Flows and Export Externalities: An East Asian Cure for the Dutch Disease?" Asian Economic Journal, 1989.

6 A. P. Carter, "Upstream and Downstream Benefits of Innovation," Economic Systems Research, 1990.

7 J. Hughes, "Latin America," The Global Debt Crisis, 1990.

8 G. H. Jefferson and P. A. Petri, "From Marx to Markets: Transition in Eastern Europe," Challenge, 1990.

9 R. McCulloch, "Services and the Uruguay Round," The World Economy, 1990.

10 G. H. Jefferson and W. Xu, "The Impact of Reform on Socialist Enterprises in Transition: Structure, Conduct, and Performance in Chinese Industry," Journal of Comparative Economics, 1991.

11 A. Lewbel, "The Rank of Demand Systems: Theory and Nonparametric Estimation," Econometrica, 1991.

12 R. McCulloch, "Why Foreign Corporations Are Buying into U.S. Business," Annals of the American Academy of Political & Social Sciences, 1991.

13 R. L. Kuttner, "Trade: Another Great Victory of Ideology Over Prosperity," The Atlantic, 1991.

14 R. J. Weiner, "Is the World Oil Market 'One Great Pool'?" The Energy Journal, 1991.

15 R. J. Weiner and R. G. Hubbard, "Efficient Contracting and Market Power: Evidence From the U.S. Natural Gas Industry," The Journal of Law & Economics, 1991.

16 J. Capeci, "Credit Risk, Credit Ratings, and Municipal Bond Yields: A Panel Study," National Tax Journal, 1991.

17 P. A. Petri, "Market Structure, Comparative Advantage, and Japanese Trade Under the Strong Yen," Trade with Japan: has the Door Opened Wider?, 1991

18 R. J. Weiner and R. G. Hubbard, "Long-Term Contracting and Multiple-Price Systems," The Journal of Business, 1992.

19 P. A. Petri, "One Bloc, Two Blocs, or None? Political-Economic Factors in Pacific Trade Policy," The U.S.-Japan Economic Relationship in East and Southeast Asia, 1992.

20 R. J. Weiner and J. T. Bernard, "Transfer Prices and the Excess Cost of Canadian Oil Imports: New Evidence on Bertrand Versus Rugman," Canadian Journal of Economics, 1992.

21 G. Jefferson, K. Chen and I. Singh, "Lessons from China's Economic Reform," Journal of Comparative Economics, 1992.

22 A. P. Carter, "Appropriation and Profit Incentives in a Leaky System," Entrepreneurship, Technological Innovation, and Economic Growth, 1992.

ATTACHMENT F

PROPOSAL FOR A NEW
GRADUATE SCHOOL IN GLOBAL ECONOMICS AND MANAGEMENT

September 1992

Background

The Lemberg Program in International Economics and Finance, launched six years ago, has created a new and important niche in professional education. The Lemberg curriculum cuts across the disciplinary boundaries of business and international relations by combining international economics, practical business skills and international experience. The program's applicant pool has grown rapidly; with roughly fifty degree candidates and twenty exchange students, it is now a planned capacity. The program has made substantial contributions to the University's teaching, research and outreach, and has built a solid reputation through its scholarly activities, exchange programs, and outstanding placement record.

Brandeis is now poised to take fuller advantage of opportunities opened by the Lemberg Program. Demand for professionals with rigorous training in international economics and business is strong and likely to expand. In addition, major opportunities exist in executive education, international economic and business research, and collaborations with other programs inside and outside the University.

New Graduate School

The proposed Graduate School of Global Economics and Management will be unusually well-positioned to pursue these opportunities. Free from the constraints of established departmental divisions, it will address the challenges of international economics and business from a multi-disciplinary perspective. It will pursue teaching and research at the intersection of international economics and international business strategy--disciplines that are sharply segregated at most other universities. This is a vital niche that fits Brandeis's intellectual culture well. The school will confirm the University's continued willingness to innovate; it will build on existing strengths in economics, policy and international affairs; and it will bring a new, global perspective to campus activities.

The school will expand, strengthen and diversify the activities initiated by the Lemberg Program. The school will comprise:

- an expanded Lemberg Master's Program with 50 students per class;

- a specialized Ph.D. Program focused on international economics and finance, with 5-10 students per class;
- special programs for mid-career professionals, such as those now being explored in Transition Economics, Advanced Study for East Asian Professionals, and Export Strategy (the latter jointly with Babson College);
- joint programs combining the school's expertise in management and international studies with related disciplines taught in other Brandeis departments;
- an expanded research program.

These activities are strongly complementary. Stepped-up recruiting in the Master's program and mid-career training initiatives, for example, depend on the visibility that comes from expanded research and a full range of graduate programs. Although initially small compared to major business schools, the school will be large enough to achieve economies of scale in administration, including student recruiting, job placement, public relations and outreach.

Competitive Position

Within the stronger context provided by the school, the Lemberg Program will be in an excellent position to expand its applicant pool. This market consists of students who want practical business skills, but are interested in a curriculum that addresses broader intellectual interests than the typical MBA. Half of the Lemberg Program's applicants also apply to a business school (Columbia, Wharton, Boston University), and half to a professional school in International Relations (Columbia, Johns Hopkins/SAIS, Fletcher School). Each year 70,000 master's degrees are awarded in business and international relations in the United States, but of course only a fraction of this pool is qualified for and interested in the specialties of the new school.

Within its niche, the Lemberg Program now has a strong competitive advantage: a rigorous and highly structured curriculum, a unique foreign study component, and an intimate, team-oriented educational atmosphere. But this niche will not remain open indefinitely. New competition is rapidly emerging from programs similar to ours, for example at San Diego (Pacific Economic Relations) and Santa Cruz (International Economics), and from efforts to link business and international studies programs at universities such as Columbia and the University of Pennsylvania. Nearby, Babson College is planning a $12 million graduate facility, and the recent revisions of its M.B.A. program emphasize international business and incorporate an important innovation (the international semester) pioneered by Lemberg.

The school's doctoral program will offer an innovative, sharply focused Ph.D. in the fields of international trade, international finance, and development and transition economics. In contrast to the conventional stress on methodology, the program will emphasize rigorous applied research--the art of applying advanced theory and empirical techniques to institutions and issues of consequence. The graduates will fill a strong demand for faculty in departments of economics as well as public policy, business and international relations, and for policy makers and researchers in international agencies, governments, think tanks, consulting firms and financial institutions.

At both the master's and doctoral levels the school's market will be international. Half of the Lemberg students now come from foreign countries, and the school will likely to maintain this ratio. At the current rate of growth of applications, the school can easily double the intake of master's students in five years without sacrificing student quality. We are confident that the school's focused specialization will also attract excellent Ph.D. candidates.

Linkages within Brandeis

Beyond its primary mission, the school will provide a platform for other University initiatives which build on its resources in management, public policy, and international economic affairs. Some promising linkages include the introduction of management perspectives at the undergraduate level, area studies in the country specializations of the school's faculty (which include China, Japan, the East Asian NICs, Eastern Europe, Western Europe and the former Soviet Union), and professional programs in collaboration with other departments in subjects such as information management, technology management, comparative social policy, and environmental policy.

Implementation

The school can be fully operational in five years--or more quickly if substantial resources are available. This trajectory requires an early commitment to the plan and the announcement of the school in the fall of 1992. The first class of Ph.D. students will enter in '94/95 and the annual Master's intake will be raised in several steps to the 50-student level by '96/97.

The implementation of the plan will require the net addition of five new faculty positions, an increase of approximately $250,000 annually in scholarship and administration expenses, and the renovation of facilities in the Sachar International Center. While additional revenues will be also generated, approximately $1 million of outside funds are needed to support the required investments over the next five years.

This accounting does not provide for overhead costs, which the University will contribute during the school's startup phase.

To ensure the long-term viability of the school, substantial additions to the existing Lemberg endowment will have to be sought. A typical endowment for a leading professional school of this size would be in the tens of millions of dollars.