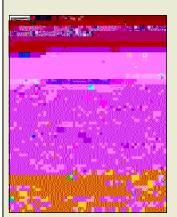
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Part of the research has been accepted for publication in The Journal of International Finance Studies. This research has also been presented at the 2010 Atlantic Economic Conference, the 2011 Association for Canadian Studies in the U.S. (ACSUS) Conference in Ottawa, CA, and the 2012 International Academy of Business and Economics (IABA) conference in Key West, FL.

The Canadian financial system seemed relatively immune from the recent financial crisis, but given the strong linkages between the Canadian and U.S. economies it seems to reason that the large increases in financial stress in the U.S. could have a significant impact on Canadian economic activity. Recently, Dr. David Yerger and I have been examining this issue. Particularly, we have been modeling the extent to which changes in a widely used U.S. financial stress index may impact the Canadi-

In this issue:

U.S. Financial Stress and the Canadian Economy: Todd B. Potts	1
Game Changers and Good Advice: James J. Jozefowicz	3
Learning by Teaching: Camilo Rubbini	4
Highlights of NFL CBA: Arthur H. Martel	5
Greetings from the Chair: Nicholas Karatjas	7
Student Notes	8
Faculty Notes	9
Alumni Notes	10
Those Old Photographs	11

Editor: Nicholas Karatjas

To properly answer this question, one may think that the researcher needs to determine beforehand some threshold level of the U.S. financial stress index that determines when the U.S. moves from a normal to a high stress environment, but this is not the case. Thanks to a technique pioneered by Donald Andrews in *Econometrica* (1993), it is possible for researchers to test for a changing effect such as

tive dummy variables to derive a test-statistic that is used to test for the presence of the hypothesized differential effect.

We utilize this technique to examine the impact of changes in U.S. financial stress on both Canadian national and industry-level activity. For the national level examination, we use Canadian real gross domestic product (GDP) as our dependent variable and include independent variables such as U.S. cyclical unemployment, real raw materials prices, U.S. real GDP, and measures of both U.S. and Canadian financial stress published by the International Monetary Fund (IMF). For the industry-level study, we use employment measures for six different Canadian industries that we believe would be sensitive to financial stress as our dependent variables and add Canadian real GDP to the same independent variables listed above. Our data is of monthly frequency and runs from 1981 through 2009.

(continued from page 1)

Our findings indicate the changes in U.S. financial stress do indeed have statistically significant effects on Canadian activity on both the national and industry-level, and that this effect does indeed differ depending on whether or

U.S. financial stress actually have a slight positive impact on Canadian real GDP growth when the U.S. is in a lowstress environment, but when the U.S. is in a high-stress environment, the effect is negative and significantly more pronounced. Furthermore, the Andrews test indicates that the low-stress/high-stress threshold is at the 83rd percentile of the IMF U.S. financial stress index, which certainly seems plausible. See Table 1.

Table 1

Achievement Award for 2011. The program is sponsored by the IUP Ambassadors and the IUP Alumni Association. It honors six outstanding recent graduates from each undergraduate college at IUP. As part of their visit, award recipients speak to classes on topics related to their professions. to IUP, Mr. Rubbini worked as a full-time instructor of economics at the University of Pittsburgh in Titusville. He earned a M.A. degree in Economics at Penn State University and has pursued graduate studies in Economics at the University of Pittsburgh. Mr. Rubbini has extensive experience teaching undergraduates in both the United States and in Argentina. He is a native speaker of Spanish, is fluent in English, and has a basic knowledge of Portuguese and Italian.

In my senior year of high school, I decided I wanted to study economics. Two weeks into my first semester in college, I realized I not only wanted to *study* economics, I wanted to *teach* economics. Not surprisingly, as the eldest of six children, teaching came naturally to me. I became an underg57(T)120052>5003inm on m - 30(b0(u)- 3e)- 18rada

is a full professor in the Institute of Higher Education at the University of Georgia. He teaches classes in the Institute's doctoral program on statistical analysis and how to apply economic theories and models to higher education. He also serves as the editor of the peer- reviewed journal *Research in Higher Education*. He is currently conducting research on better ways to measure the financial return to students from attending college, and whether state financial aid programs are effective at enticing students to go to college. Recently, Rob had lunch with who is currently a Ph.D. candidate in the Department of Economics at UGA.

Helena Rados- and her husband, Mike, welcomed Ellie Ana Derr on February 20, 2012. *Congratulations Helena and Mike!*

has been promoted to project manager at PNC Bank in Pittsburgh, PA.

is currently an Inside Sales Rep at Pall Corporation, a known leader in filtration solutions. She handles the Microelectronic, Fuels/ Chemicals, and Powergeneration sectors. Pall Corporation is located in Exton, PA.

An Examination of Religious Service Attendance and Un-

Economics Association Conference held March 30- April 1 in Chicago, IL. Neil will be attending the American Society of Health Economists 4th Biennial Conference being held June 10- 13 in Minneapolis, MN.

graduated from Johns Hopkins Univer-

nomics.

was recently elected to the Duke Chapter of Order of the Coif, a group that recognizes the top 10% of a law school's graduating class.

played as a linebacker on the IUP football team during the 2011 season. He earned a first-team spot on the All- Pennsylvania State Athletic Conference (PSAC) West team after leading the Crimson Hawks in tackles this year. T2()] TJEjthieticSta-Id

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