



A letter from the Chair

Dear Students, Parents, Alumni, Colleagues, and Friends,

It's hard for me to believe that it's already graduation time — the year goes by so quickly. As always, it's refreshing to look back on another busy academic year to see all the new developments in the BU Department of Economics.

I'm pleased to report that one of our faculty members, **Larry Epstein**, received a huge honor this year, being inducted into the [American Academy of Arts and Sciences](#). The Academy is one of the oldest and most prestigious academic societies in the world, founded in 1780 by John Adams. It includes more than 200 Nobel Prize winners and 100

Pulitzer Prize winners. Among the other inductees with Larry was Bruce Springsteen. So far, we have no reports on how "the Boss" got along with this rock and roll singer from New Jersey. Also inducted with Larry was **Asher Wolinsky**, this year's speaker at our annual [Rosenthal Memorial Lecture](#).

Our faculty continue to be highly involved in running the major economics journals. Twenty-one members of the faculty serve on the editorial boards of 43 different journals, including the *American Economic Review*, the *Quarterly Journal of Economics*, and *Econometrica*.

On the recruiting front, we hired one new faculty member this year, macroeconomist **Adam Guren**. Boston is a familiar place for Adam, as he is completing his PhD at Harvard after doing his undergraduate degree at Harvard as well. Adam's research focuses on housing price dynamics, a particularly interesting topic after the dramatic events of 2008-09. We are also hard at work recruiting senior scholars, one in behavioral economics for the Slater Family Chair and one in macroeconomics. I am optimistic that next year's newsletter will have good news to report on both fronts.

We are also starting two new awards this year. First, thanks to the generosity of alumni **Randy Cohen, Brian Herr, Michael Kheyfets, and Michelle Meyer**, we now have an academic excellence award for MA students, similar to the award we have long had for undergraduate students in the Department. We thank these generous alumni for helping us recognize our outstanding MA graduates.

Second, we are beginning a new tradition with our first annual [Distinguished Alumni Award](#). Our alumni have so many remarkable accomplishments that some form of recognition from the Department seemed long overdue. Also, what better way to send our graduates into the world than to first inspire them with what those who have gone before them have done with their degrees? Our first winner, **Santiago Levy**, is unable to attend the commencement, so we had a separate ceremony to present him with the award. In all other respects, Santiago is an ideal candidate for our first award, as we explain inside the newsletter. I look forward to when some of today's graduates do similarly impressive things and become recipients of the award.

I extend congratulations to all of the 2014 graduates from BU Economics. You have made this an exciting place to be and we look forward to great accomplishments from you in years to come!

With best wishes,

A handwritten signature in black ink that reads "Barton Lipman". The signature is written in a cursive, flowing style.

Barton Lipman
Chair, Department of Economics

Conversations with...

Michael Manove



What drew you to economics?

As an undergraduate from 1959 to 63, I majored in math and minored in economics. As a student activist, I thought the latter would help me influence society in a positive way. At the time, I was active in the civil-rights movement and spent a summer raising hell in Cambridge, Maryland, on the Eastern Shore of the Chesapeake, very southern in those days. I helped organize and participated in numerous demonstrations, got punched in the forehead (didn't hurt much) but was not otherwise injured.

In 1963, I entered the PhD program in the Harvard math department. In my first year I took a second-year course in Algebraic Topology. I thought I was a big shot, at least until I realized that the grader for the course was 16 years old, a kid with bad acne. I learned quickly that I wasn't one of the super-smart set. After two years I transferred to MIT economics. I thought that I would be able to enact my political agenda there. I wanted to do research on economic planning of the sort that was done in the Soviet Union. When I became an assistant professor at Michigan a few years later, a colleague there said, "You're not a real economist. You know lots about quantities but nothing about prices." Hmm.

Who was the scholar who had the most profound impact on the way you think as an economist?

My thesis adviser, Evsey D. Domar. Domar is best known to the older set as one of two creators of the so-called Harrod-Domar growth model (many younger academics don't know this work). Yet Domar was driven by intellectual curiosity in many areas, and his economic research was often quirky and ingenious. In his paper "The Causes of Slavery," (*J Econ History*, 1970) he demonstrated an important proposition: "free land, free peasants, and non-working landowners—any two elements, but never all three, can exist simultaneously." If you play around with marginal products you will understand why. After he retired, during lunch at a Chinese restaurant, Evsey asked me, "Michael, have you ever thought about what the world would be like if there were three sexes of humans instead of two? The outcome," he mused "would depend on the nature of conception—if Sex A had to copulate with Sex B to enable Sex B to impregnate Sex C, the result would be different from the case in which both A and B had to impregnate C." We should model three sexes instead of positive assortative matching between only two. From Evsey I learned the joy of becoming curious about something and then satisfying that curiosity. And while Evsey's three-sex application might seem a bit frivolous, it could help us model the interaction of input suppliers, manufacturers and customers in an economic setting.

You got your PhD at MIT. What was your dissertation on?

My dissertation was about economic planning, in general and as applied to the Soviet Union. One of my chapters concerned nonprice rationing of intermediate goods (I didn't do "prices"). After it was published, I began to receive invitations to meetings at the CIA headquarters. "Don't you know," one of their analysts told me, "your paper tells us precisely which sectors to bomb."

What do you enjoy the most about being an academic?

I can't imagine having a better job than being an academic at a good university. Every day there's something new, and you're frequently exposed to interesting ideas as well as to spicy gossip. You get to meet people of all ages: students, staff and colleagues who've come from all over the globe. In a department like ours, you can attend many research seminars every week. This is important for me since as a person who rarely reads research papers, I'm abysmally (and shamefully) ignorant of the literature.

Surprisingly, some of what I do on the job does have social value—teaching EC101 and setting up the projector in 315, for example. And you can keep working until you can't remember your own name—mild dementia won't get you fired. Most Americans can't figure out why people like me are paid for what we do. I understand that bewilderment, and it helps me control my tendency towards arrogance (one of the seven deadly sins, mistranslated as "pride").

You have been at Boston University for almost 40 years now. Would you say that the Economics Department has changed a lot over time? What do you see as the biggest challenges for the department going forward?

Please, please, only 38 years, though including my stint at Michigan I've had professorial rank for 44 years. When I first arrived in 1975, the department (and the university) was in the midst of the John Silber revolution, which had begun a couple of years earlier. As university president, Silber was a tyrant, a bully, and a know-it-all, but he wanted to transform the university into a first-class research institution, and he made major strides in that direction. I joined a department that contained a number of other recently hired faculty members, including John Harris and Peter Doeringer. All had serious research credentials, and the department was changing from the small, sleepy parochial organization it had been earlier. The new department specialized in economic development, and some of that is still with us.

Then, in 1984, Larry Kotlikoff arrived. He went to Silber and promised to turn the department into a top-10 research organization. Silber made him department chair, and within the next few years we hired a large number of extraordinary senior and junior faculty members. Our research output skyrocketed, and our teaching improved substantially. This was what Trotsky called a "permanent revolution." Since then, thanks to a series of hard-working chairs, and with the frequent, if occasionally begrudging, help of the deans and university administration, we've managed to keep the department as an intellectual fermentation tank: friendly, united in purpose and without the factions that so often damage other places.

Preserving our departmental spirit and quality in the face of cost-containment pressures is our major challenge for the future. Fortunately cultures do not easily change, and our department has a very good one.

Is there anything you have never done and would love to do?

Visit China and India.

What do you like to do in your free time?

Watch British mysteries on television. I especially like Inspector Morse and Inspector Lewis, in which the detectives have to track down clever and murderous professors.

Interview by Juan Ortner



Sam Bazzi

When and why did you decide to work in economics?

Having spent time as a child in Venezuela and Lebanon, I developed a strong interest in understanding why some places were so much poorer than the United States. In my freshman year at the University of Southern California (USC), I became a double major in economics and international relations with the goal of pursuing this curiosity more formally. It wasn't until my senior year that I realized a graduate degree in economics would open career options at the intersection of research and policy. Spending three years working at research institutions in Indonesia and Washington, D.C., after graduating from USC reaffirmed that realization.

You just graduated last year. How is your first year as an Assistant Professor? How does it compare to your life as a graduate student?

I have really enjoyed the transition from student to faculty. I find the academic environment in the department and Boston more generally to be energetic and intellectually stimulating. Overall, there has been quite a bit of continuity in terms of my day-to-day research activities. The biggest challenge has been time management given that research is now only one part of what I do as faculty. I am learning by doing and have benefited a lot from the wisdom and support of my colleagues.

Can you describe your dissertation work?

In my [primary thesis paper](#), I develop and test a framework for identifying the effect of changes in individual income on aggregate labor migration flows. For some time, there has been an ongoing debate as to whether emigration flows from poor countries will rise or fall as these countries continue to grow economically. I resolve some of the confusion in the literature by providing a new approach to estimating the income elasticity of migration flows. Using that framework, I show that agricultural income shocks in rural Indonesia lead to an increase in international labor migration flows, which is consistent with liquidity constraints being the driving force behind changes in emigration from this large developing country today.

My [second paper](#) revisits an old question in the study of consumption behavior: How does household spending respond to income shocks? Working with two Indonesian economists, I show how poor Indonesian households respond differently to positive and negative income shocks associated with a large-scale cash transfer program implemented in 2005-6. Our findings speak to ongoing debates on the impact of fiscal interventions in both rich and poor countries.

My [third paper](#) offers a methodological contribution to the empirical study of economic growth. Michael Clemens and I document a number of underappreciated challenges in the estimation of causal effects in growth regressions. We provide a series of diagnostic tools and suggestions for econometric best practice moving forward in this ever expanding literature. While motivated with growth applications in mind, these tools have general applicability across a range of other fields in economics.

Interview by Juan Ortner

You have several projects in Indonesia. How did you become involved in that country?

After graduating from USC, I lived and worked in Jakarta, the capital, for one year as a Luce Scholars Fellow at the SMERU Research Institute. This was a formative time in many ways, and I found the country to be the perfect environment for someone with interests in the process of development. I have stayed in close touch with many former colleagues and have had the great fortune to continue working on policy-relevant issues facing the Indonesian economy. I visit fairly regularly and continue to learn more about this fascinating country each time.

You did your undergraduate and graduate studies in California (USC and UCSD). How does life in Boston compare to life in California? Is there anything you miss in particular?

I have definitely enjoyed living in a city relative to the sprawl of southern California. We live in the North End and love being in the heart of a walkable city full of character. The weather is the second most noticeable difference but one to which we are adapting day-by-day. The cold is much more bearable on sunny days, but I do miss being able to hop on my bike and go for a long ride any day of the year. Another thing I miss is Mexican food. I have yet to explore the full breadth of Boston's culinary offerings, but I suspect Southern California has an unrivalled geographic advantage on that front. It is also nice being so close to destinations on the other side of the Atlantic without much of a change in access to Indonesia where I spend a lot of time for research activities.

What research project are you working on right now?

I have spent a lot of time recently working on a [new project](#) looking at the long-term effects of a large-scale policy experiment begun in Indonesia in the late 1970s. Between 1979 and 1988, the Indonesian government relocated two million farmers from the Inner Islands of Java and Bali to the Outer Islands. In our first paper, we are using the plausibly exogenous assignment of migrants to identify the importance of skill transferability for economic development. Settlement villages exhibit significantly higher productivity if they were assigned migrants from regions of Java/Bali with more similar agroclimatic endowments and indigenous languages. Our findings have a number of implications for policy given the growing need to resettle millions of households in developing countries affected by climate change, infrastructure development, and industrialization.

The project has been an exciting collaboration with Arya Gaduh (Univ. of Arkansas), Alexander Rothenberg (RAND), and Maisy Wong (Wharton). Looking ahead, we intend to produce a series of papers using various features of this remarkable policy experiment.

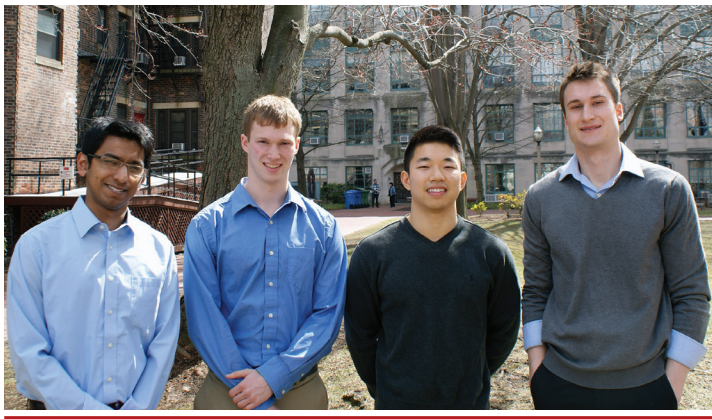
What do you do with your free time?

I spend a lot of free time cycling. It's been a bit difficult to keep up with a regular schedule given the winter weather. However, when it is not raining/snowing and the temperature is above 20 degrees, I enjoy going on early morning rides into the suburbs before coming in to the department. I look forward to the spring when I can begin exploring new routes with some of my colleagues who cycle.

I have also really enjoyed going to Red Sox games at historic Fenway. I grew up playing baseball in St. Louis, Missouri and am a big Cardinals fan. The World Series was exciting to say the least. Hopefully next year we see a repeat showdown with my original hometown team prevailing over my new hometown team.

I have also enjoyed exploring Boston's rich culinary environment. We love seafood and have taken advantage of the abundant offerings across the city. I also enjoy fishing (for my own catch) but before winter arrived, I had not yet found a productive spot on the harbor or the Charles.

A sampling of our undergraduates



Daniel Currie, James Sundquist, Allen Shaonuo Li, Paul Pender

Daniel Currie

Daniel Currie is originally from Mangalore, India, but has lived most of his life in Doha, Qatar. From the first time he studied economics he knew it was his calling to pursue it as a major in university and eventually attain a PhD in the subject. He graduated from Park House English School as student president and won the HSBC best student economist of the year award.

He joined BU as an economics major and quickly settled in his first class taught by **Todd Idson**. Daniel loves studying history and economics and one of his favorite classes was the History of States' Finance taught by **Christophe Chamley**. The class showcased to Daniel the importance of economics in the study of history. Daniel decided to pursue a dual degree in finance after he noticed how well economics complemented finance.

Daniel has participated in a number of activities in BU's student life. He has been the treasurer of the Boston University Hunger Relief Charity Club, where students try to raise money and volunteer to help fight hunger in the Greater Boston Area. During his senior year, he was a presenter for the Boston University Federal Reserve Challenge, where students from BU would compete with teams of other universities by providing recommendations for the Federal Reserve monetary policy. Lastly, Daniel has been the president of the Boston University Undergraduate Economics Association, an organization of dedicated students focused on exploring their passion for economics outside of the classroom through talks, debates, discussions, trips and other events. He has also had internships as an economic analyst in MNI Deutsche Boerse and as an enterprise and retail banking in the Commercial Bank of Qatar.

After graduation, Daniel hopes to get a job as an investment banker or an economic analyst. His dream of attaining a Ph.D. in economics is still very much alive and it is a goal that will be accomplished in the future.

Allen Shaonuo Li

Allen is double majoring in economics and marine science. While studying these seemingly unrelated subjects, he has discovered that the intersection of both can be applied to environmental policy and law, a career field that he plans to pursue after graduation. During his time at BU, Allen has found especially useful the Introduction to Econometrics (EC414) course to help develop his analytical skills. Outside the classroom, Allen has enjoyed being active in the leadership of two student organizations. He has served as treasurer of the Intervarsity Christian Fellowship and as events coordinator of the Inner Strength Gospel Choir.

After graduation, Allen will attend the University of Chicago Law School in the fall, a school renowned for its unique combination of the study of economics and law. He is looking forward to bringing a perspective and a voice that will contribute to the conversation.

Paul Pender

Paul Pender is originally from Westwood, Massachusetts. He is a senior at Boston University with a major in economics and a minor in psychology. Following his passion about both sports and economics, Paul has strived to find overlaps between these two areas during his time at BU. He has particularly enjoyed taking Sports Economics (EC385) because it has given him the opportunity to apply his economics education to the four major sport leagues in the U.S. Paul has also been fortunate to have the opportunity to take 3 classes with **Jordi Jaumandreu**. Paul praises Jordi as one of the brightest professors he has had, who has contributed greatly to furthering his education.

Paul has been a member of the Boston University Sports Management Association for the past 3 years, and after college he plans to pursue work in the sports industry.

James Sundquist

James Sundquist is an economics/international relations double major. He has particularly enjoyed **Marianne Baxter's** course on International Finance (EC595). James defines himself as a fairly macro-oriented economist. He is interested in the processes and effects of globalization and plans to explore them further by pursuing a Ph.D. in International Political Economy. He has also found a niche in studying China's economy, prompted by the increasing role of China in international economic issues. Outside of the classroom, James has found enormously rewarding experiences participating in a number of activities. He has competed on BU's varsity swim team. He has also served as a tutor of Intermediate Microeconomics and Macroeconomics (EC201 and EC202), in addition to generously helping some of his classmates pass their midterms.

After graduation, James intends to work in China to acquire Mandarin fluency, before applying to graduate programs.

Undergraduate Economics Association



The UEA Executive Board (from left): **Jeevan Parameswaran**, **Spencer Petitti**, **Max Hasan**, **Daniel Currie**, **Federico Mele**, **Shivani Desai**, and **Howard Wei**

The Boston University Undergraduate Economics Association (BU UEA) is comprised of passionate and bright undergraduates looking to promote the affinity of economics outside of the classroom. With the guidance of President **Daniel Currie**, the UEA has continued on as a prominent student organization, providing students with a platform to express themselves through articles and presentations. A number of successful events and speakers were organized this year, stimulating interest in current events and other facets of economics. This year also marked the beginning of the UEA's semester-long Macro-Analysis workshop in order to expose students to skills necessary for the ever-competitive job market.

The Article Competition has become a mainstay in the UEA as it continues to receive well-written articles from talented students. These articles cover a range of economic topics and are built by sound reasoning, logical arguments and extensive research. Many of these great pieces were compiled to form the UEA's [economic journal](#) and posted on the [UEA website](#), showcasing the enthusiastic member base. **Julia Sinitsky** (BA Economics, International Relations '14) and **Luke Rebecchi** (BA Economics, Minor in Political Science '14) were awarded the Best Student Writers award in Fall 2013 for their respective articles.

College Fed Challenge 2013

The Boston University Fed Challenge team participated at the Boston Federal Reserve in the regional College Fed Challenge competition. Along with universities from the Federal Reserve's first district, the BU team presented a 15-minute recommendation for Federal Reserve monetary policy. After the team finished presenting, professors and economists from the Fed asked questions on the recommendation and economic theory. Sponsored by the Fed, the competition has the goal of promoting a better understanding of the role and goals of the central bank in supporting US economic growth and stability.

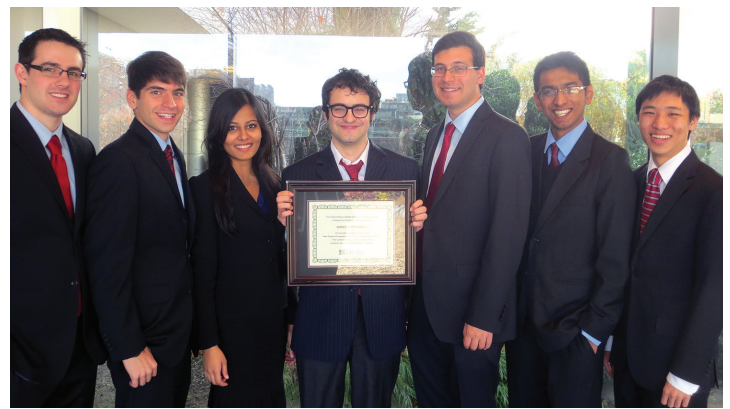
Traditionally, the BU team presents the policy recommendation in the context of a mock-FOMC meeting. This year, the team decided instead to act as a consulting group: Taper Tiger Consulting. With the potential "taper" of QE looming, the team focused its recommendation around specifics of reducing the purchasing program and effective communication of a policy shift. The Fed Challenge team started research and preparation over the summer and met weekly in the fall to work on the final recommendation. The team also met bi-weekly with **Todd Idson**, who helped greatly with the brainstorming, research, and editing process.

Students have also taken to the podium to present their analysis of current market situations or on specific topics that peak their interest. **Spencer Petitti** (BA Economics, International Relations '14), **Jeevan Parameswaran** (BA Economics, BS Finance '15) and **Carson Robers** (BA Economics, Environmental Policy and Analysis '16) are just a few of the students who gave compelling presentations in the Fall semester, engaging and informing the UEA audience.

Moreover, the UEA has broken new ground and started its own semester-long workshop called the [Macro-Analysis Group](#) (MAG). Through the leadership of the Vice Presidents of Editorial Content, **Spencer Petitti** and **Jeevan Parameswaran**, the MAG focuses on training students to analyze real world data by understanding economic indicators. Additionally, the semester-long workshop will culminate with an end-of-semester publication covering all aspects of the current health of the US economy as well as future predictions. This has proven to be a great success among the membership as students understand the importance of real-world analysis and have shown an eagerness to apply their classroom knowledge to research.

Finally, the UEA organized a number of high-profile speakers lecturing on pertinent economic topics. In Fall 2013, International Relations Professor **Vivien Schmidt** spoke about the [European Union's ability to weather the economic crisis in the long-run](#). The UEA also hosted an event on the problems of [inequality in the United States](#), which featured Director of Undergraduate Studies in Economics, **Todd Idson**. This event was attended by a large number of economics and international relations students and was one of our more popular professor lectures.

During the 2014 Spring semester, the UEA organized an event on the [similarities of the financial crises in Spain 1575 and United States in 2008](#) with **Christophe Chamley**. This was soon followed by an event on the [detrimental effects of increasing financialization in the economy](#), which featured **Costas Lapavistas** from the School of Oriental and African Studies, University of London. The latter event was co-sponsored by the Center for the Study of Europe and Asia, the Program in East Asian Studies, the European Commission Delegation in Washington DC, and the UEA. To close out the semester, the UEA will host the [annual student-run case competition](#) where the executive board will pose [a real-world problem](#) to teams of 4-5 students. The teams will present their solutions to a professional panel composed of experts on the given topic and judged based on performance and viability.



This year's BU College Fed Challenge Team: (from left) **Spencer Petitti**, **Michael Clawar**, **Urbashee Paul**, **Guy Aridor**, **Jay Schwartz**, **Daniel Currie** and **Howard Wei**

In the first round, BU competed against four schools, placing second to Bryant University. The BU team received one of its best scores in recent years, and hopes to build on this success in the years to come. Many members of the team are graduating this year, but next year's team has already begun meeting to prepare for the competition in November.

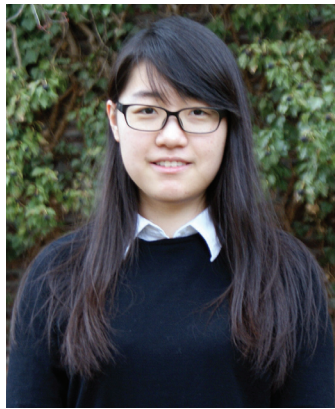
The Master's Program

Paths to Academic Excellence

Two **Prizes for Academic Excellence in the Economics Master's Program** are awarded in 2014, to **Xiao Yang (MA '14)** and **Beixi Zhou (BA/MA '14)**. **Youming Liu (MA '14)**, who will be returning to BU in fall 2014 to pursue his doctorate in economics, is awarded a **Special Summer Stipend** for first-year PhD students reserved for graduates of the Economics Master's Program. All these awards are funded by recent gifts from alumni of the Economics Department, and given out for the first time this year. (Two leading donors of the MA prizes were featured in the 2013 newsletter.)

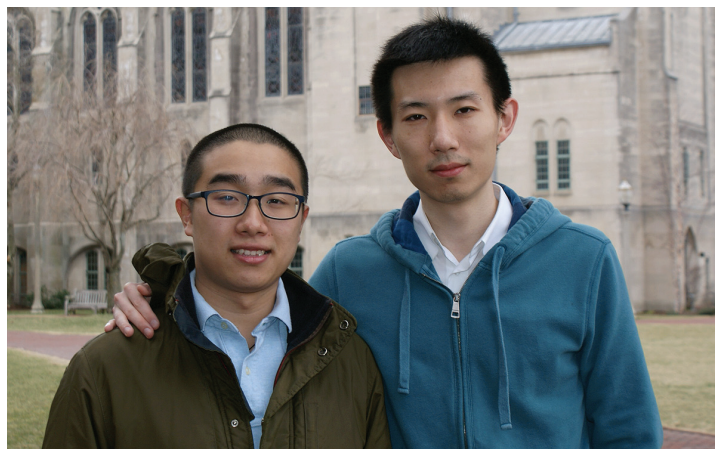
Xiao Yang says: "Thanks to the support and encouragement of my parents, I have been learning most of my life. I had the opportunity to go to high school in Edinburgh and earned a BA degree in economics from the University of Cambridge. I also read many other books, dabbled in music and martial arts. But a jack of all trades is master of none. Can I become a master of one? The master's program in economics gave me a positive answer. Here I learned a serious amount of economics and experienced research at first hand. I had the privilege of studying macroeconomics with **Robert King**, and working as research assistant for **Jianjun Miao**. Not only has it prepared me well for the PhD program, it makes economics my calling. Looking back, I am amazed at how much was accomplished in my three semesters at BU." In addition to excelling in the economics curriculum, Xiao also took several advanced courses in mathematics. **Robert Devaney** of the Mathematics Department reports: "Xiao Yang was one of the top students in my course Chaotic Dynamical Systems (MA671). His final project, entitled Fractals and the Evolution of Political Beliefs, combined lots of interesting ideas from economics and mathematics."

Beixi Zhou came to BU as an undergraduate, double-majoring in economics and mathematics. In her freshman year she took the senior elective course in Game Theory (EC403) with **Sambuddha Ghosh**, and outperformed all her classmates. She was immediately captivated by the elegance of the subject, and made up her mind to study economics on the graduate level, eventually to get a PhD. Beixi was the first undergraduate student **Barton Lipman** allowed in his first-year PhD Microeconomics course (EC701). It turned out to be a wise precedent, as she became one of the top students in that class as well. While her strong mathematical background has certainly helped, to do well in such a course requires a deeper understanding of the ideas involved, and Beixi has clearly demonstrated her ability as an analytical thinker.



Beixi Zhou (MA '14)

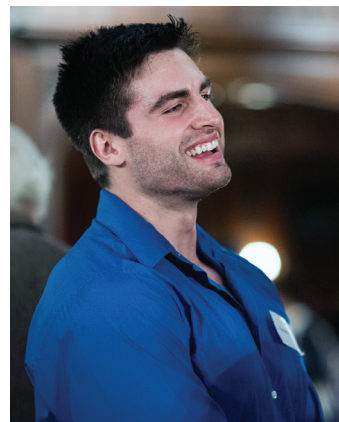
Youming Liu started his studies on a more cautious and pragmatic footing, earning his undergraduate degree in finance in China. The economics master's program has allowed him to explore his intellectual potential, and cultivate a theoretical understanding of the real world. After a semester in graduate school with perfect grades, and encouraged by his professors, he began to feel the confidence and motivation to pursue economic research as a career, and started to work on promising research ideas. **Barton Lipman** reports: "Youming took Game Theory (EC513) with me and was excellent. He also discussed with me one of the most



Youming Liu (MA '14) and Xiao Yang (MA '14)

intriguing ideas for a paper that I have come across in an MA class." He received attractive admission offers from several other PhD programs, but when the letter from BU finally came Youming was "saturated with happiness". For future Master's students, Youming's advice is this: "Set clear goals for yourself, and make the most of the rich resources this program provides."

Many other Master's students also excel academically, and they have come from diverse backgrounds. **Thomas O'Malley (MA '14)** studied industrial engineering at Rutgers University as an undergraduate. He became interested in a broader view of how companies and countries operate in the global marketplace, and quickly developed into an accomplished economist after coming to BU. **Robert E.B. Lucas** reports: "Tom was probably the most insightful student I can remember in International Trade (EC591) for many years. No paper was required but, out



Thomas O'Malley (MA '14)

of interest, Tom wrote one anyway; it is a theory piece extending a 1979 paper of Paul Krugman. Two of my colleagues also read the paper and agreed that it is a truly outstanding piece for an MA student - with no prior background in economics - to have written." Like the three prize winners featured in this section, he participated in the RA-Mentor Program, and worked as research assistant for **Jordi Jaumandreu**. While Tom found this a fantastic learning experience complementing his coursework, his sentiments are fully reciprocated by his mentor, who remembers Tom as one of the ablest students he has taught in Market Structure and Industrial Organization (EC531), as well as a most competent and self-motivated research assistant.

Xiao Yang will start his doctoral studies at the University of Chicago this fall, while **Beixi Zhou** will start hers at New York University. Other current and recent MA graduates with doctoral aspirations are also very successful this year. Some of them will be entering PhD programs at the University of Wisconsin, the University of California at Los Angeles and at Davis, the University of Pittsburgh, McGill, Georgetown, Purdue, as well as the John F. Kennedy School of Government and the School of Public Health at Harvard. Besides **Youming Liu**, another former MA graduate will be enrolling in our own PhD program. Moreover, all of them had some difficult but enviable choices to make from multiple admission offers, before settling on their final destinations.

MA Career Information Meeting

The ninth annual [Career Information Meeting](#), hosted by the Department of Economics and the IED, brought together thirteen alumni of the Master's Program with current students. The meeting included a panel discussion, a Q & A session, and a catered reception.

In addition to the alumni picture below, the panel also included **Randy Cohen** (BA/MA '07, Authorized Officer at Financial Accounting and Control UBS Investment Bank), **Gregory Daco** (MA '08, Lead US Economist at Oxford Economics), **Shane Drangel** (BA/MA '11, Senior Analyst at Cornerstone Research), **Cristina Jaramillo** (BA/MA '10, Financial Economist at U.S. Securities and Exchange Commission), **Glenn Li** (MA '11, Product Specialist at Charles River Development), **Ashley Seamans** (MA '10, Senior Manager at Rapid7), **Greg Weitzner** (BA/MA '12, Analyst at Barclays), and **Rebecca Wildner** (MA '09, Senior Analyst at OptumInsight).



Hannah Patnaik (MA '14) asks the panel a question.



Ana Santillana (MA '14) chats with **John Affleck** (MA '00, International Economist at Property & Portfolio Research) during the reception.



Sarah Freitas (MA '15) listens as **Charles Tao** (MA '08, Consulting Analyst at Quintiles Consulting) shares his insight.



Alumni panelists **Ray Yun Gou** (MA '12, Research Analyst at National Bureau of Economic Research), **Rocio Falcones Bordallo** (MA '12, Risk Methodology Analyst at Sovereign Bank), and **William Koch** (BA/MA '11, Operations Associate at Weiss Asset Management) listen to a fellow panelist during introductions.



James Grimes (MA '14), **John Harris**, **Pak Yeung Wu** (MA '14), and **Jacob Geller** (MA '15) share a conversation at the reception following the panel discussion.

Excel Training Session

Alumni Leadership Council member **John Affleck** (MA '00) presented the third annual Excel Training Session for Master's Students, assisted by fellow Alumni Leadership Council member **Charles Tao** (MA '08). The agenda for the session included the theory and design of spreadsheet for the professional analyst; keyboard efficiencies; basic lookups, and how to make them better; the power of array formulas; INDIRECT: the best function most users have never heard of; and econometrics in excel, followed by a Q&A session.



John Affleck (MA '00) presents the workbook he designed for the training session, using classic rock albums as raw data to demonstrate various Excel functions.

Distinguished Alumni Award

The Department of Economics introduced a new award this year, the **Distinguished Alumni Award**, recognizing outstanding achievements in any area by graduates of one of the Department's degree programs. It is our hope to present this award at the Department's commencement each May as a way to honor our alumni and inspire our new graduates as they become alumni.

Our first recipient, **Santiago Levy**, was a natural choice both because of his accomplishments and his extensive and long-standing ties to the Department.

As one of the fathers of Conditional Cash Transfers or CCT, Santiago played a crucially important role in the development of one of the leading antipoverty programs in the world. He first introduced and oversaw the implementation of PROGRESA (later renamed Oportunidades) when he was Deputy Finance Minister of Mexico. Since then, CCT programs have spread to dozens of countries around the world, including Brazil, Chile, Honduras, Jamaica, Indonesia, Turkey, Egypt, Bangladesh, Morocco, Peru, and Cambodia.

Santiago is also a multiple graduate of our Department, having received a BA (1976), MA (1978), and Ph.D. (1980) from us. He was a faculty member in the Department from 1983 to 1993, serving as the first Director of our Institute for Economic Development (1989-1990). He is currently a Vice President at the Inter-American Development Bank in Washington, DC., and a Senior Fellow at the Brookings Institution.

Scheduling complications made it impossible to present the award to Santiago at this year's commencement. Instead, the Department and the Institute for Economic Development hosted a [special alumni reception](#) on April 24 to honor Santiago and give him and other alumni a chance to reconnect.

We will be adding information to our website this summer on how to nominate someone for this award. In the meantime, if you have a suggestion for a recipient, please email our Department Chair **Bart Lipman** at blipman@bu.edu.



*Economics faculty congratulate Santiago Levy on receiving the inaugural Distinguished Alumni Award. From left: **John Harris, Michael Manove, Santiago Levy, Peter Doeringer** and **Robert Lucas***

Economics Alumni Lecture



Alumnus **Brian W. Formento** (BA '81, MA '82), CAIA presented "Hedge Funds: Hedged Investment or Compensation Scheme?" to a packed room of students and faculty at this [Economics Alumni Lecture](#).

He is Executive Director and Senior Portfolio Strategist at UBS Private Wealth Management in New York. His career on Wall Street extends more than 30 years. Before reaching age 30, he successfully managed the propriety trading group for North America at Paribas Capital Markets. For the past decade he has held key wealth management roles at Deutsche Bank and UBS, focusing on their largest clients, typically those with assets of \$50MM and more.

Brian's lecture provided insight into the world of hedge funds – what they do, how they do it and whether they deserve their elevated fees. He also responded at length to questions from an enthusiastic audience. This event was hosted by the Department of Economics and the Institute for Economic Development for master's students, undergraduate seniors and juniors in Economics.

Department of Economics Donors

The Department of Economics expresses its gratitude to the following individuals and institutions who donated to the department (April 2012 through March 2013):

Ms. Alison M. Snow, Dr. Christopher R. Abayasekara (GRS'92, GRS'90) and Mrs. Charmalie L. Abayasekara, Dr. Hirschel Kasper (CAS'56) and Ms. Cynthia A. Dede, Dr. E. B. Gendel (GRS'72, GRS'79), Ms. Elaine M. Hill (CAS'08), Mr. Kenneth Z. Slater and Ms. Ellen Z. Slater, Mr. FNU U. Talal-Ur-Rahim, Dr. Irwin Price (GRS'74) and Ms. Barbara J. Price, Dr. Jan Walliser (GRS'98), Mr. Ronald M. Weiner (CAS'76) and Mrs. Janice P. Weiner, Mr. John A. Lane, Ms. Maria E. Catanzano (CAS'13), Mr. Michael Hollis and Ms. Mary Hollis, Mr. Michael A. Kheyfets (CAS'07, GRS'07), Ms. Michelle L. Meyer (CAS'04, GRS'04), Dr. Patricia M. Flynn (GRS'73, GRS'80) and Dr. Peter B. Doeringer, Dr. Paul Karner (GRS'12, GRS'09), Ms. Sylvia H. Vallat (CAS'94, GRS'94) and Mr. Brent Vallat, Winthrop Capital LLC

PhD Program News

PLACEMENT

As of May 1, twenty-three new BU Ph.D. students have accepted job offers. Fifteen of them are academic positions at universities, and eleven are at US universities and firms. Seven placements are at top universities in China. One more job candidate has an offer. Two more job candidates are still seeking offers.

Job candidates this year set new records on conference and outside seminars even before flyouts (56 presentations), academic publications (at least 11 of them), and awards (one student coauthored paper is nominated for best paper of the year for 2013 by the National Institute of Health Care Management). Congratulations to all of them!

Richard B. Baker, senior lecturer, Vanderbilt University, Nashville TN; **Jacopo Bizzotto**, assistant professor, University of Oslo, Norway; **Marric Buessing**, associate, Analysis Group, Boston, MA; **Seong Yeon Chang**, assistant professor, Xiamen University, China; **Tianxu Chen**, assistant professor, Shanghai University of Finance and Economics (SUFU), China; **Rania Gihleb**, assistant professor, University of Pittsburgh, PA; **Jie Hou**, assistant professor, Capital University of Economics and Business, Beijing China; **Peng Huang**, assistant vice president, State Street, Boston, MA; **Hyosung Kwon**, economist, Bank of Korea, South Korea; **Timothy Layton**, post doc, Harvard Medical School, Boston MA; **Huailu Li**, assistant professor, Fudan University, China; **Yang Li**, risk analyst, Santander Bank, Boston, MA; **Junghwan Mok**, economist, Bank of Korea, Seoul, South Korea; **Karim Naguib**, Postdoctoral Fellow, Evidence Action, Washington DC; **Eyno Rots**, researcher, Central Bank

of Hungary; **Steven Sprick Schuster**, visiting assistant professor, Colgate University, Hamilton, NY; **Julie Shi**, assistant professor, Peking University, Beijing China; **Sonal Vats**, assistant professor, Eastern Connecticut State University, CT; **Chun-Kai Wang**, assistant professor, Shandong University, Jinan, China; **Russell Weinstein**, assistant professor, Rensselaer Polytechnic Institute, Troy NY; **Tak-Yuen Wong**, assistant professor, Shanghai University of Finance and Economics, China; and **Sherry Xinrui Yu**, assistant professor, New College of Florida, Sarasota FL.

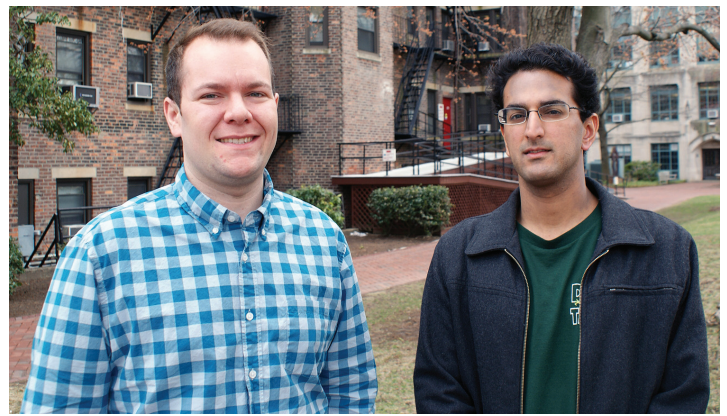
RESEARCH AWARDS

The recipients of the **Summer Research Awards** for 2014 are **Daeha Cho**, **Ying Lei**, **Maria Palacios**, **Andres Sagner**, **Patricio Toro**, **Han Ye**, **Wei Yu**, and **Wenjia Zhu**.

The **Rosenstein-Rodan Prize** is awarded annually for the best paper in a development-related area written by a PhD economics student. The 2013 prize was won by **Deborah Goldschmit**, for her paper titled: "Family Structure and Abortion Law". The paper studies the impact of recent regulations in various US states that effectively increased the cost of abortion, disproportionately affecting low-income women. Using data on 20 years of changing abortion laws, the paper finds little effect on the population overall, but a significant impact on low-income children. More specifically, poor children born under restrictive abortion regimes were less likely to live with married parents, and more likely to live with single mothers or in multi-generational households.

Teaching Awards

The first award is for the **Best Teaching Fellow** of the year. It is meant to recognize excellence and dedication and is awarded by the Graduate School of Arts and Sciences upon a nomination by the Department. The recipient is honored at a special reception given by the Graduate School. This year's winner is **Ben Solow**. In nominating Ben, the Department is happy to recognize his excellent work, enthusiasm and dedication in carrying out his teaching duties. Ben is an outstanding teacher, with great presentation skills. Ben was a very effective discussion leader, and students appreciated the time and effort he puts into his work as well as his enthusiasm. He also showed exceptional organizational skills. Ben is also a very promising economist whose research deals with how electoral institutions affect candidate entry, in particular how different voting rules and timing of elections affect the number and ideological diversity of the candidates for office. He is also interested in how gerrymandering has affected the choice of candidate platform and whether gerrymandering of congressional districts has caused an increase in polarization among elected officials.



Ben Solow and Amrit Amirapu were recognized for excellence in teaching.

The second award is the **Gitner Prize For Excellence In Teaching Undergraduates by a PhD student**. The award is meant to go "to a Graduate Student who excels as the most exemplary teacher of undergraduates within the Department of Economics." It is meant to recognize long-term excellence in a variety of teaching services including TF, instructor in CAS courses (summer and regular academic year), and MET instructor. This year's winner is **Amrit Amirapu** for his excellent teaching performance as a TF, head TF and instructor in CAS courses. Amrit served as a dedicated TF over the years as well as being a great teacher for undergraduate courses in development economics. Amrit's research focuses on the constraints to productivity and employment growth in India, especially in the manufacturing sector.

This year's winner of the **Gitner Prize for Excellence in Undergraduate Teaching** is **Michael Manove**. Michael is a long-standing member of the department who brings his deep understanding of applied microeconomic theory to the teaching of introductory microeconomics. He was the first winner of the Gitner award back in 1993. Michael's teaching style forces students to attend his lectures, but students still describe their experience enthusiastically. One student writes "His slides are very clear, understandable. He gives every day life examples that make it so much easier to understand. Clicker questions encourage students to participate. Homework helps me to understand the concepts and encourage me to go to office hours."

This year's winner of the **Neu Family Award for Teaching Excellence in Economics** is **Robert Margo**. Bob has managed to keep teaching effectively while working diligently and effectively to advance the department teaching and research missions as the previous department chair. He is an economic historian who teaches two undergraduate courses, one on race and development of the American economy and another on topics in economic history, as well as a master's level class. His teaching evaluations are consistently spectacular. One student praises Bob as an "Amazing professor with so much insight into topics as he has personally written some of the papers we discuss."

College Prize for Excellence

Each year, the Department chooses one or more exemplary undergraduate students for the College Prize for Excellence in Economics. These awards recognize students who have shown great achievement in economics, commitment to the field, and a deep passion for learning. This year's recipients are Guy Aridor, Calvin Chiu, and Jessika Smith.

Guy Aridor

While attending BU, Guy completed his studies in economics, computer science, and pure/applied mathematics. Guy served as a captain as well as a member of the BU Fed Challenge team. Guy completed his senior thesis in economics titled "Passwords and Security Questions: A Case Study of the Interplay of Economics, Language, and Communication." The thesis was based on knowledge he gained while attending one of his favorite classes at BU - Game Theory (EC403) with **Hsueh-Ling Huynh**. Another one of his favorite classes was Industrial Organization (EC531) with **Jordi Jaumandreu**.

Guy was the recipient of the **Hariri Institute for Computing Award** that enabled him to work as a research assistant during the summer of 2013 with **Henry Lam**, in the Department of Mathematics and Statistics. Guy also conducted a summer research project with **Robert King**, at the Economics Department during the summer of 2012. Guy was a grader in the Computer Science Department, co-founded a software company that received funding, and also developed several websites to assist BU students. Additionally, he interned on Elizabeth Warren's Senate Campaign and at a voting rights non-profit organization.

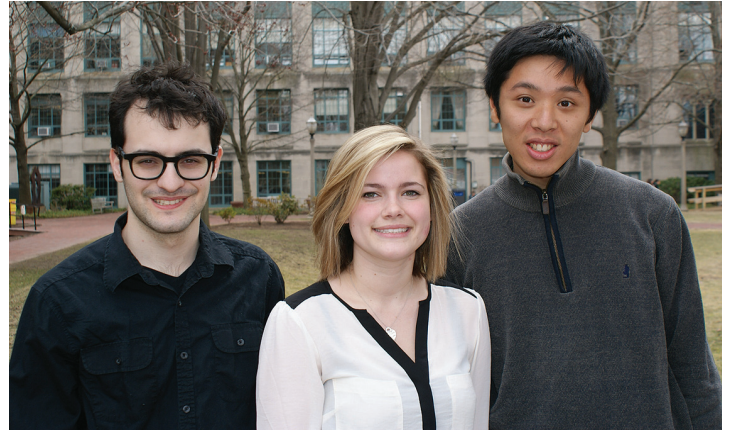
During his free time, Guy enjoys playing sports; he played on the BU Curling team. He also enjoys programming and reading the news. After graduation, he will be working as a software engineer at a Cambridge-based company called Nutonian. In the future he has plans to complete a doctorate either in economics, focusing on economics of information and game theory, or in computer science, focusing on machine learning and data mining.

Calvin Chiu

Originally from Hong Kong, Calvin Chiu is graduating with a BA/MA in Economics and a BA in International Relations. Within economics, Calvin is primarily interested in development and political economy. He is a proud winner of the **Undergraduate Essay Prize in East Asian Studies** (2013) for his paper "The Development and Efficacy of Chinese Banking Reform."

During his time at Boston University, Calvin particularly enjoyed his work as a research assistant for **Stefania Garetto** and **Cornel Ban** from the Department of International Relations, where he applied the data analytical skills developed in his coursework on pertinent current issues. While at BU, Calvin has also been an avid member of the BU Debate Society, serving as Co-Tournament Director in 2012.

During his free time, Calvin enjoyed exploring Boston and sampling its rampant restaurant scene with his friends, whom he is extremely grateful towards for making his college experience so fruitful. After graduation, he plans to further pursue his interests in research and public policy.



This year's recipients of the College Prize for Excellence: (from left) **Guy Aridor** (BA '14), **Jessika Smith** (BA '14), and **Calvin Chiu** (BA '14)

Jessika Smith

Jessika Smith is graduating with a dual degree in the BA/MA program. Her Master of Arts degree is a major in economics and her Bachelor of Arts is a double major in economics and environmental analysis and policy. Jessika first discovered her love for Economics after taking **Bruce Watson's** Introduction to Microeconomic Analysis (EC101) her freshman year as a principal course for her environmental analysis and policy major, and declared economics as a double major after taking the Introduction to Macroeconomic Analysis course (EC102) the following semester. She chose to participate in the undergraduate thesis work for distinction program her senior year at Boston University. Although this project is based within the Department of Earth and Environment, her research incorporates both major areas of study, as she has developed a profit optimization model for a farmer of a pollinator dependent crop. Jessika participated often in her courses, and developed good relationships with several instructors in the Department of Economics, including **Bjorn Persson**, **Randy Ellis**, and **Jordi Jaumandreu**, as well as other faculty within the department. These professors provided her with guidance to help develop into the economist she is today.

In addition to her studies, Jessika was involved in various other activities while at Boston University. Through the Community Service Center, she volunteered as a SAT math tutor at Malden High School and was a peer leader and volunteer for Student Studio. She was a member of the South Campus RHA executive board her sophomore year, and then went on to be a Resident Assistant in South Campus for her junior and senior years. She is currently the Resident Assistant of the Earth House specialty community in South Campus. Jessika hopes to get good use out of the skills developed from both areas of study and pursue a career as an environmental economist.

Supporting Economics through the BU Annual Fund

Many donors choose to give to Boston University through the annual fund but direct that the funds be used for the Department of Economics. You can contribute to the Department's general funds, the fund to establish an endowment for the Rosenthal Memorial Lecture, or the fund to support our Prizes for MA Excellence. Donors wishing to learn more should contact Professor Bart Lipman (blipman@bu.edu) or go to our website at <http://www.bu.edu/econ/home/donations/>. We appreciate your support.

A Conversation with Jawwad Noor

What attracted you to economics?

In school I was fascinated by the fact that there exist forces that operate in the physical world and make it the way it is, and it was doubly fascinating that there are forces operating in the world of people as well. And to see that an analysis of these forces could be done using mathematical models was all the more exciting. My connection with the subject deepened when I realized that consumer choice theory could help me think about choices in more personal aspects of my life. The idea that “choice reveals preference” gave me a structured way of understanding and learning about people, and even myself.

You earned your PhD at Rochester. What was your dissertation on?

It was a time that behavioral economics was on the rise and decision theory was branching out into new topics inspired by psychology. While the new literature on temptation focused on how a decision maker would avoid choice problems containing temptation, my dissertation studied the possibility that choice problems that contain temptation may themselves be tempting. This creates several issues for providing behavioral foundations for temptation models, which in the literature were based on observing what a decision maker avoids (via a so-called preference for commitment) in order to identify what is tempting and what is normatively desirable for her. In my model an agent may avoid something she normatively desires and choose choice problems that contain temptation, so I needed a different approach. I used a Rawlsian veil of ignorance type argument to “properly” decompose choices into its temptation and normative components.

I have to add that Larry Epstein's supervision of my thesis was a really valuable experience for which I will always be indebted to him.

You specialize in Decision Theory. Can you briefly explain what type of economic questions a decision theorist studies?

The key object of interest is any economically-relevant behavior. If a particular behavior is identified as economically-relevant, then we search for a model that produces that behavior. The model requires us to imagine a possible explanation of the behavior. For instance, we may observe that people like to keep their options open, and this could be modelled as arising out of subjective uncertainty pertaining to future decisions. Alternatively, a decision theorist may be interested in thinking about some particular economically-relevant psychological feature and may consequently construct a model where that feature can be given peculiar behavioral expression. For instance, a desire to maintain one's optimism may lead to particular attitudes towards information. Last but not least, decision theorists think about what constitutes rational behavior.

Can you briefly summarize what are the most exciting topics on which you have recently worked or you are currently working on?

My most recently completed paper is an experimental paper. The bulk of the evidence on present-bias (i.e., “extra impatience” towards immediate rewards) comes from observing how subjects choose between delayed rewards. But such present-bias can arise in a standard



exponential discounting model if a subject's current marginal utility for money is higher than future expected marginal utility. Indeed, since people with the most immediate need for money are the most likely participants in experiments, there is good reason to be concerned about this. My co-authors and I sought to analyze whether such “income effects” are at all relevant. We conducted an experiment in Iceland where income tax information is publicly available for part of the year, allowing us to offer subjects rewards conditional on their income remaining stable (so that the marginal utility of a reward is constant across time periods). We also elicited subjects' believed probability of stable income in an incentivized way. We put these two pieces of information together to deduce their discount functions corrected for income effects. We do not find evidence of present-bias. We also investigate how income expectations relate to discount functions that are not corrected for income effects (that is, those that are derived from preferences over delayed rewards as in typical experiments). We find evidence that these discount functions exhibit no present-bias for subjects who anticipate stable income, and significant present-bias for those that anticipate an increase in income, in line with the predictions of standard theory.

I hear you are an expert sitar player. Can you give us some background on your music pursuits? Do you find any similarities with economics?

I picked up the sitar in 1991 and it has been a part of my everyday life since. I am a senior disciple of one of the top sitar players in the world, Ustad Shahid Parvez Khan. I am involved in cultural activities in the city. I teach music on weekends and do a few concerts every year.

Any piece in Indian classical music is defined by a set of strict melodic restrictions, and the musician improvises within that framework. It is much like starting with a model and deriving implications from it. In music, the objective is to invoke an aesthetic experience through sound. In science, the objective is uncovering truth, but I think more precisely a major part of our motivation comes from the aesthetic experience from truth - we are drawn to scientific or mathematical truths because we find beauty in them. So, although the “subject matter” is different (and I think there is a difference in the aesthetic experiences as well), both have a partly related objective.

What do you like to do in your free time (besides playing the sitar)?

What is this “free time” that you speak of? Well, I spend time with family, and read. In the last few years I developed an appreciation for urdu poetry. I recently finished reading Ghalib, the greatest classical urdu poet. Also, philosophy has been a very long standing friend of mine (since before economics). I recently picked up Nietzsche.

Rosenthal Memorial Lecture

Every year, the faculty, students and staff in the Economics Department commemorate the legacy of **Robert (Bob) Rosenthal** — a superb scholar and a great colleague and teacher, who passed away in February 2002. The lecture series is described at <http://www.bu.edu/econ/events/special/rosenthal/>, which provides a link to [a tribute to Rosenthal's research by Roy Radner and Debraj Ray](#) in a 2003 issue of the *Journal of Economic Theory* and videos of the 2006 – 2011 lectures.

The 2014 Rosenthal Memorial Lecture was given by **Asher Wolinsky** from Northwestern University. The title of the lecture was "Information Aggregation in Large Markets." In many markets, individual market participants hold different pieces of information (referred to as "signals") about the asset or good being traded. A classic question in economics has been whether prices can "aggregate" the dispersed information in the market; that is, are market prices close to the prices that would prevail if all the dispersed information were publicly known?

Professor Wolinsky's fascinating lecture illustrated why market prices might fail to aggregate the dispersed information. Consider a market in which a seller knows the quality of the good she is selling, but in which the different potential buyers have only differing and imprecise information or "signals" about the quality. In such a market, the behavior of the seller may reveal information about her private information; i.e., about the quality of the good she is selling. For instance, a seller who owns a low quality good might take a longer time to find a trading partner than a seller who owns a high quality good, since it might be harder for the low quality seller to find a buyer who is willing to pay a high enough price for her good. The key ingredient is that a potential buyer who meets a seller in this market does not know how long the seller has been on the market, or what signals other buyers might have had. The buyer only knows his own signal. Given that he has been approached by the seller, he will then infer that



the seller has spent some time looking for a buyer; this in turn leads the buyer to suspect that all previous potential buyers had negative signals about the good. This lowers his valuation for the good. Based largely on joint work with Stephan Laueremann, the lecture illustrated how this force might lead to the failure of information aggregation in markets.

The outstanding lecture series has been supported by the members of the Rosenthal family and other donors. The Department of Economics thanks them for making this lecture series possible.

Congratulations...

to our Graduating Seniors, Master's and Doctoral Students

We congratulate another class of talented and highly qualified students on receiving their undergraduate, master's, and doctoral degrees, and offer them our best wishes!

The Department values our alumni, and appreciates that they are very important for the continued success of our programs and students. We urge them to stay in touch.

We wish to send a special thank you to all of our active alums who continue to support our students and the department. Graduates, alumni, and current students are encouraged to keep us updated of their whereabouts. Please send us your contact information as it changes so we can be sure to keep you involved with all our upcoming alumni activities. Please visit <http://www.bu.edu/econ/alumni/> to update your contact information, check for upcoming alumni events, and more!

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