



Economics News



A letter from the Chairman

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

This has been an exciting year to be Chair of the Department of Economics. Last year Robert Brown's appointment as President of Boston University was greeted with enthusiasm. This year, as we have become more familiar with him, there is a shared feeling of optimism about the future of the University. One reflection of this optimism is that I do not have a single faculty departure from the Department to report this year.



At the same time, we have been extraordinarily successful in recruiting new faculty. Larry Epstein is joining us from the University of Rochester. He will join Robert King, Laurence Kotlikoff, Pierre Perron, and Andrew Weiss (emeritus) as one of the five Thomson-ISI "highly-cited scholars" in the department. This is a remarkable cluster of leading researchers. Larry has made major contributions to economic theory and mathematical finance. He will be teaching behavioural economics at the undergraduate level and theory at the graduate level. We have also enticed Daniele Paserman away from Hebrew University in Jerusalem. Daniele is a leading young scholar in labor and public economics. He will be teaching undergraduate econometrics and graduate labor economics and econometrics. Zhongjun Qu left the University of Illinois at Urbana-Champaign and turned down an offer from Brown University to join us. Zhongjun is a young, influential time-series econometrician and will be teaching econometrics at the undergraduate and graduate levels. We have also hired Leena Rudanko who is completing her PhD at the University of Chicago and is a very promising young macroeconomist. She will be teaching undergraduate and graduate macroeconomics.

The Boston University Department of Economics continues to be highly recognized. Robert Margo won the 2006 Clio Award for "exceptional service to the field of cliometrics." Bart Lipman was elected a Fellow of the Econometric Society. Thirteen of our faculty are on Research Papers in Economics lists of top economists.

Economics attracts a strong group of undergraduate concentrators from the already select field of Boston University undergraduates. This year we awarded the College Prize for Excellence in Economics to Dana Rotz. Dana has completed her BA in economics and mathematics and her MA in economics. Next Fall, Dana will join the BU PhD program in economics, as the recipient of a fellowship including both stipend and tuition. We congratulate her. I invite you to read her candid perspective on her experiences at Boston University.

This has also been a fantastic year for job placement in our PhD program. Our students received job offers from universities, central banks, research organizations and consulting firms in the U.S. and around the world. Inside the Newsletter, more details are provide on these placements, and three graduate students tell about their experiences at Boston University.

We are very proud of our undergraduate and graduate alumni, our best ambassadors throughout the world. We also want to express our deepest gratitude to all the alumni and other donors who have generously contributed to the Department in the past year. This financial assistance greatly enhances the Department's teaching, advising, and research missions.

Kevin Lang
Chair, Department of Economics

Donations to Economics

In the past three years, gifts to the Economics Department have had an effect on its educational infrastructure. The gifts have improved the workplaces of the department's PhD students, providing them with better spaces to undertake their research and to meet with undergraduates in their roles as teaching assistants and teaching fellows. Enhancements to the basement offices and meeting rooms in the Bay State Road building have changed inhospitable dark and damp spaces with peeling paint into bright, well lit, vibrant areas. Initial improvements included reconfiguring office spaces and then painting, plastering, and carpeting the new areas. The spaces then were finished with new office equipment—including desk, chairs, and computers—and new high-speed internet access. The basement office renovations, in particular, were made possible through a combination of private as well as University donations.

The Department's main seminar and classroom, Room 315, was also upgraded dramatically, with removal of pillars that had blocked some participant's view of the speaker. Other additions included central air conditioning, overhead projection equipment with an easy link to the speaker's computer for state-of-the-art presentations, and painting, plastering, and recarpeting.

A generous contribution by Richard Neu and Amy Neu is also funding the Neu Lecture Series, targeted toward economics undergraduates.

The faculty and students in the Department of Economics acknowledge with gratitude the gifts of alumni and friends that have made the foregoing renovations possible. Particular thanks go to Richard Neu, Amy Neu, and Jin-Yong Cai, who provided the major funding for the renovation of Room 315. The department continues to have major capital and research needs. The establishment of endowed chairs and fellowships as well as comprehensive renovation of the building in which the department is housed remain pressing objectives. Donors wishing to learn more about these major unmet needs should contact either Assistant CAS Dean Eugene Lyman (glyman@bu.edu) or Professor Laurence Kotlikoff (kotlikof@bu.edu).

A full list of recent donors to Economics is included inside this newsletter.

A Conversation with Randy Ellis

An Expert in Health Economics



In your undergraduate studies, who was the professor who impressed you the most, and why? In graduate school, which professor had the most profound impact on the way you think as an economist?

As an undergraduate at Yale, I had lots of great professors so it is hard to pick out just one. The one who gave me the most confidence in applying to graduate school was my senior essay advisor, Rick Levin. He showed a clear interest in my work, gave me some useful advice, but also revealed that a top scholar doesn't have to be perfect at everything to be a good professor. I remember how he had to look up a formula in a textbook that even undergraduates would have to know.

In graduate school I would have to say Bob Solow was the most memorable. He emphasized working hard, reading a lot, staying active, and still having a good time. I was never very good at macroeconomics, but he made it interesting nonetheless. I only wish I had one tenth of the sense of humor as Bob Solow.

When and why did you decide that you wanted to study economics for the rest of your life?

I entered my senior year not certain whether I wanted to go to law school or earn a Ph.D. in economics. I took both the GREs and the LSATs. I decided to take a year to go to London School of Economics to try out graduate school in economics. I had a great time in London, and learned a lot of economics, so it made the choice easy to apply to Ph.D. programs in the U.S. while I was there.

Tell us one of the most exciting projects in health economics on which you are working right now.

I am most excited about a paper I am working on with Will Manning of the University of Chicago on optimal health insurance coverage when there are both preventive and curative care goods. We come up with some interesting extensions on the classic trade-off between moral hazard and risk aversion that justify more complete insurance than some of the previous literature. We just presented the paper at Harvard at the 25th anniversary of the Journal of Health Economics, and the talk was well received. Now we just have to revise and finish writing the paper!

What would you recommend to a BU undergraduate student who is graduating now and is looking for a job?

Three suggestions. First, talk to the professors you take courses from regularly, and don't be embarrassed to ask for leads, letters of recommendation and ideas. Most people these days find jobs through someone they know rather than in response to anonymous job listings that receive dozens or hundreds of applications. Networking is key to many jobs, and the sooner you start the more likely your success. Second, try to take some time off between jobs to travel or do something you really like. In most jobs it will take years before you can get as much as four weeks of vacation, while between jobs you can often negotiate for a little extra time. Third, try not to let money become your main driving force in your career decisions. I see some of our graduates choosing higher paying jobs over more interesting, rewarding, or flexible jobs. Lots of jobs, including teaching, being a professor, or working at a non-profit organization, do not pay as well as some other careers, but the value of all the time flexibility makes them great careers. Lots of studies show that having more money does not make you happier. It is easy to get by on less.

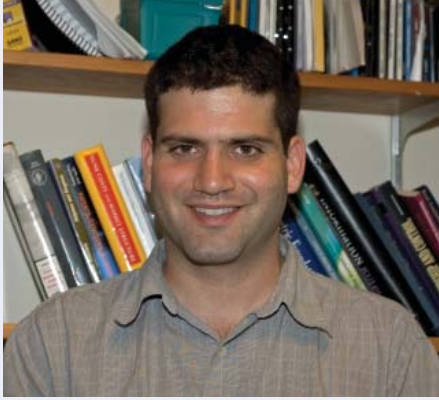
Which of these three things would you most like to do in the future? Sing "New York, New York" in Morse Auditorium before starting your class? Play baseball for the Red Sox? Become the next president of the United States?

While singing in Morse auditorium is the most plausible, playing baseball for the Red Sox is a much better fantasy choice for me. I have been playing intramural softball for 25 years at BU in the summer, and I really enjoy it. I am also a big Red Sox fan. It would be unreal to play first base for a professional team instead of the economics department team. But I admire to Red Sox too much to want to handicap them with my terrible play. Perhaps I should dream about playing first base for the Yankees, against the Red Sox, so that my bad play would actually help and not hurt the Sox!

Tell us about your favorite song, singer, music, and movie.

Favorite song: "Hey Jude" by the Beatles. Favorite singer: Bonnie Raitt. Favorite music: recently I have been enjoying female soloists with great vocal quality. Favorite movie: Lord of the Rings: Fellowship of the Ring.

Interview by Maristella Botticini



A Conversation with Marc Rysman, An Expert in Industrial Organization

In your undergraduate studies, who was the professor who impressed you the most, and why? In graduate school, who has been the scholar who had the most profound impact on the way you think as an economist?

I studied at Columbia and graduated in 1992. I had a great experience with Roseanne Altshuler, who is now at Rutgers, and with Todd Idson, who is now at BU! Arguably, the person I was most impressed with was Sunil Gulati, a junior professor who left academia altogether a few years later. He gave these amazingly dynamic lectures and managed to hold the attention of a room of 150 people with ease. He left to work on bringing the World Cup to the US and is now the president of the US Soccer Federation and the New England Revolution, so I guess he is good at whatever he does.

I did my graduate work at Wisconsin and the IO faculty there, Ray Deneckere and, in particular, Phil Haile, surely had a big effect on my work. But for "most profound impact," I will pick Charles Manki. He taught the first year of econometrics and it was completely untraditional. At the end, we still had never heard of t-statistics or R-squared. But he had this amazing way of making you think about the relationship between your empirical assumptions, your data, and your results. I try to recreate that in my statistics classes but there is nobody like him.

When and why did you decide that you wanted to study economics for the rest of your life?

My first job after my undergraduate degree was the most important experience in terms of steering me towards graduate work in economics. I worked as a research assistant at the Brookings Institution. I was around a lot of economists and some graduate students, and Bill Clinton had just taken office so it was an exciting time to be in Washington. I worked for Margaret Blair, who is now at Vanderbilt Law School. She studies corporate governance and was at that time working on an analysis of the takeover wave of the late 1980s, as well as on comparisons of corporate governance between the U.S., Japan and Germany. She's the one who got me excited about business competition as the subject of serious study. Also, I was impressed with how she stayed focused on the issues she thought were important even when it was clear that they did not fit well in the areas that Brookings wanted. Several fifth-year PhDs were there and one day they sat me down and told that I should not go to graduate school in economics no matter what. They were serious, but for whatever reason, I didn't listen.

You have taught a very successful undergraduate course in Industrial Organization and Antitrust (EC333) in past years here at BU. Why do you think students can benefit from such a course?

At the most basic level, learning about antitrust and regulation is valuable. Most people think about it very little, although it has a profound impact on how our economy is organized. It's really learning about how your world works. At a level above that, I think my class allows students to integrate their skills in a satisfying way. My class is divided up evenly between time spent on mathematical modelling and time spent discussing court cases and regulatory events. I try to get students to use their technical models to inform the evaluation of court opinions and use real world events to shed light on limitations of the models. I hope that using these two types of analysis together leads to a richer understanding of each.

Finally, I hope to signal to my students that academic research really matters for public policy. Arguably, antitrust is the area of public policy where economics has had the greatest influence. I try to point out cases where judges cited published research papers in making their decisions, or where academic research directly impacted regulatory reform.

What would you recommend to a BU student who is graduating now and is looking for a job?

First, I always tell my students not to major in economics just because they think it will help them find a job. I doubt the effect is very large and you are only in college once, so you should follow your interests. Having said that, there is no magic bullet to finding a job. One piece of advice that was given to me was to be willing to move. Mobility is a great unexploited asset for young people looking for the right job. I think that in many professions, it is easier to move up in Dallas or Kansas City and then move horizontally back to Boston than it is to try to climb up here. Boston is wonderful so people do not want to leave, but BU has a strong national and even international reputation and students should be leveraging that.

Which of these three things you never did, you would like to do in the near future? Sing Queen's "I Want It All" in Morse Auditorium before starting your class? Play baseball for the Red Sox? Become the next Department of Economics chairman?

How do you know I have not done these things?

Tell us about your favorite song, singer, music, and movie.

My kids are watching The Lion King all the time these days and the soundtrack is the only thing we have in the car. To the extent that those are the songs that are stuck in my head, I guess I have to pick them as my favorite. I wouldn't want to pick it as my favorite movie but I can't even think of another one.

Interview by Maristella Botticini

FOCUS ON OUR FACULTY...



Economic historian Bob Margo is one of the many Economics department faculty that serve on editorial boards.

Editorial Boards

The academic stature of our faculty is illustrated by the large number serving on editorial boards of top journals.

Marianne Baxter (associate editor, *Journal of Monetary Economics*), **Maristella Botticini** (editorial board, *Explorations in Economic History*), **Peter Doeringer** (editorial boards of *World Development* and *MassBenchmarks*); **Randy Ellis** (associate editor, *Journal of Health Economics*), **Simon Gilchrist** (editorial board, *American Economic Review*; associate editor, *Review of Economics and Statistics*), **Todd Idson** (editorial board of *Journal of Sports Economics*), **Robert King** (editor, *Journal of Monetary Economics*), **Kevin Lang** (co-editor, *Labor Economics*), **Bart Lipman** (associate editor, *Econometrica*; associate editor, *Games and Economic Behavior*, co-editor *Theoretical Economics*), **Albert Ma** (editor, *BE Journals of Economic Analysis and Policy*, associate editor, *Rand Journal of Economics*), **Bob Margo** (editor, *Explorations in Economic History*; editorial board, *Quarterly Journal of Economics*), **Dilip Mookherjee** (co-editor, *Journal of Development Economics*), **Andrew Newman** (associate editor, *Berkeley Electronic Press Journals in Theoretical Economics*), **Claudia Olivetti** (associate editor, *Labour Economics*), **Pierre Perron** (co-editor, *Econometric Journal*), **Marc Rysman** (associate editor, *International Journal of Industrial Organization*), **Ingo Vogelsang** (editorial board, *Journal of Regulatory Economics*)

Faculty Teaching Awards

Each year the Department recognizes the exceptional classroom contributions of its faculty through its two endowed teaching awards. The selection process is always a difficult one because of the large number of eligible candidates.

This year's winner of the *Neu Family Award For Teaching Excellence in Economics* is **Gregory Pavlov**. Greg is an expert in microeconomic theory and industrial organization, having received his PhD from Northwestern in 2005.



This year's winner of the *Gitner Prize for Excellence in Undergraduate Teaching* is **Adrien Verdelhan**. Adrien is an expert in financial economics and, in particular, on international finance, having received his PhD from Chicago in 2005.

It is notable that Greg and Adrien are members of the "class of 2005", a group of six new assistant professors that joined the economics department in Fall 2005. This group of new junior faculty has invigorated the department's teaching and research programs. It includes **Ivan Fernandez-Val** (MIT, econometrics), **Francois Gourio** (Chicago, macroeconomics) and **Jawwad Noor** (Rochester, economic theory) and last year's winner of the *Gitner Prize* **Sujata Visaria** (Columbia, economic development).

The Robert Rosenthal Memorial Lecture

Each year the faculty, students, and staff in the Economics Department commemorate the legacy of Bob Rosenthal — a wonderful scholar and a great colleague. Alvin E. Roth, the George Gund Professor of Economics and Business Administration at Harvard University, presented this year's lecture on April 27 on the topic of "What Have We Learned from Market Design?"

Past Rosenthal Memorial Lectures have been given by Jean Tirole (Institut d'Economie Industrielle, Toulouse, and MIT) on "Economic Incentives, Self Motivation, and Social Pressure" in 2006; Robert Porter (Northwestern University) on "Collusion and Auctions" in 2005; Roy Radner (New York University) on "A Strategic Analysis of Petty Corruption" in 2004; and Robert B. Wilson (Stanford University) on "Stable Equilibria" in 2003.



THE DEPARTMENT OF ECONOMICS DONOR LIST

The Department of Economics expresses its gratitude to the following individuals who donated to a departmental gift account in 2005-2006 or 2006-2007:



The renovation of the Department's main seminar and classroom, Room 315 was made possible with the gifts of alumni and friends.

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The Department of Economics also expresses its gratitude to the following individuals who indicated their wish that their gifts to the 2005-2006 or 2006-2007 CAS/GRS Annual Fund be made available for the Department's use:

Dr. C. Ranil Abayasekara
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Mr. Stanley Zoll

BU PhD Students Have Another Successful Placement Season

We asked four of our graduating PhD students to tell us a little bit about their experience in the PhD program.

Question 1

Why did you choose BU for your graduate studies? What would you say to undergraduate students who are considering doing a PhD in Economics and are thinking about whether to consider BU among the schools to which they will apply?

Question 2

What is the most important thing you learned in graduate school which you think will shape your future academic career?

Question 3

What is your favorite song?



Dukpa Kim, Pasquale Schiraldi, Mohitosh Kejriwal

Mohitosh Kejriwal

Answer to Question 1

The primary reason I chose BU was that I was very impressed with the faculty and its research, and also because several BU alumni have carved a niche for themselves in both academic and non-academic institutions. The faculty work in diverse fields and it is not difficult to find someone who matches your research interests. The course work is quite intensive, which was quite helpful to me when doing my own research. I am happy I made the decision to come to BU.

I would really like to encourage undergraduate students interested in graduate school to consider Boston University. Apart from its excellent faculty, active interaction with fellow graduate students is a big plus. And of course, you will get to live in a wonderful city as Boston!

Answer to Question 2

The most important thing I learned in graduate school was to be able to carefully and critically analyze any given piece of research as well as develop and present my own ideas. It is also important to understand that research is full of ups and downs and one must be stubborn enough not to give up. I also believe it is crucial to find an advisor who you can connect with and who believes in you and your ideas. In this regard, I am particularly grateful to my advisor, Professor Pierre Perron, who has patiently guided me through the difficult phase of writing a dissertation.

Answer to Question 3

My favorite song is "Summer of '69" by Bryan Adams.

Jae Sim

Answer to Question 1

I chose BU because of the profiles of macro faculty. At the time of my choice, the Department had a remarkable group, including Marianne Baxter, Christophe Chamley, Simon Gilchrist, Robert King, and Laurence Kotlikoff from the current faculty, as well as former professors Russell Cooper, Jonathan Eaton, Samuel Kortum, and John Leahy. It was obvious that BU was one of the best places if you were interested in quantitative macroeconomics. Although we have lost a few professors (two of them to NYU, the Curse of Bambino, perhaps?), we now have Francois Gourio, Jianjun Miao, and Adrien Verdelhan, who have all shown even greater potential recently.

Answer to Question 2

Personally I think that macroeconomics is moving from a complete market/representative agent framework to another framework based on incomplete markets and heterogeneous agents. The research strategy of posing meaningful problems at the micro levels and investigating the implication of those problems for macroeconomy has become more and more important. A fine question at the micro-level and a tractable aggregation framework: I think these are the two conditions for serious macro modeling. After all, it's macroeconomics.

Answer to Question 3

"Please, Please, Please Let Me Get What I Want" and many others by The Smiths, "Have you forgotten" by Led House Painter, and "The Crying Game" by Boy George.

Pasquale Schiraldi

Answer to Question 1

When I first applied for a graduate program, I was intrigued by the increasing reputation of the PhD program here at Boston University. I had heard that the Department was quickly improving and becoming one of the top-rated PhD programs in the U.S. After coming here, I realized that the department was very dynamic. Well-known seniors and brilliant junior professors were being hired. Over time, the PhD placement became better and better. I found the environment supportive with a lot of interaction between students and professors. Moreover, summer grants and small grants for conferences and/or data provided the right incentive to stimulate students' research. The last (but not the least) big plus is that Boston is a great city!

Answer to Question 2

The main lesson that I learned during my past five years is to never give up and always to put an effort to overcome the difficulties and achieve considerable results.

Answer to Question 3

My favorite song (in this period) is "Upside Down" by Jack Johnson

Dukpa Kim

Answer to Question 1

I wanted to study econometrics and BU was definitely one of the few places with a really top econometrician, Pierre Perron. Students should consider who can be their future advisors rather than just the name of a school when they decide where to study. BU is a very good place because it has top economists in almost every field of economics.

Answer to Question 2

Before I came to Boston University, I was solely interested in theoretical aspects of econometric models. But my advisor, Professor Perron, broadened the way I look at and understand econometric models. Now, I think more about the practical usefulness of models. As an econometrician, I will always try to keep a balance between these two.

Answer to Question 3

Well, one of the old Korean songs.

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.

If you are a graduate, drop us a line at econgrad@bu.edu, econma@bu.edu, phdecon@bu.edu, or simply go to the alumni section of the departmental website—www.bu.edu/econ/alumni/alumni/alumniform.htm—with your latest contact information. Please ask your former classmates to do the same!

A Conversation with

Bart Lipman

Director of Graduate Studies



Tell us a little bit about your own graduate student experience. How has this affected the way you run the BU graduate program?

I entered the program at Michigan disliking theory and planning to do empirical work. A few years later, I was a theorist. This makes me conscious of the need to give students a chance to sample different areas early on.

BU dropped mandatory second field exams for graduate students this year, at your recommendation. What will be the costs and benefits of this change?

The benefits are easy to see: students will move more quickly to research. Previously, students spent the second year taking courses and preparing for the exams, only starting serious research after exams in June. Now they can start research during the second year course work. Nothing comes without a cost, though. The exams gave us a centralized mechanism for saying to students "these are the things you need to know to do work in this field." And it's a fact of human nature that you sometimes don't learn certain things the way you should without an exam staring you in the face.

BU is unusual in having a summer research program for Economics PhD students. How does this work and how does it help with the development of BU students?

Students write grant proposals to the department based their research plans. About a third of those who apply received grants, so it's very competitive. In some cases, the grant enables a student to buy a data set or to travel abroad to put together a data set. In other cases, it enables a student to afford to stay in Boston for the summer where he or she has access to faculty for advice. Another benefit is signaling to the students early on just how important research is.

Tell us a little bit about how you work with your own PhD students. You have had a history of placing students at top departments: what is your recipe for success?

My history is not as long as, say, Pierre Perron's, my predecessor as Director of Graduate Studies. I don't have a recipe—I was just fortunate to have a few excellent students.

The graduate students in Economics selected Bart Lipman as the Best Graduate Advisor in 2006–2007.

Graduate Teaching Awards



Claudia Rei and Aditi Mehta

The Graduate School of Arts and Sciences has named **Claudia Rei** as the Economics Department's Teaching Fellow of the Year in recognition of her enthusiasm, talent, hard work, and dedication as a teacher. Claudia has been an outstanding teaching assistant in Principles of Microeconomics. Her research combines economic history and industrial organization. More specifically, she focuses on the economics of merchant empires and, in particular, on the differences in organizational form at the times of European expansion (15th to 17th centuries).

Aditi Mehta received the Special DGS Prize for sustained excellence in teaching. Aditi consistently performed outstandingly both as a teaching fellow and as an instructor in Principles of Microeconomics. Her research areas are health economics and industrial organization, with her main research paper focusing on "Spatial Competition in the Nursing Home Industry." She will be joining the Antitrust Division at the Department of Justice later this year, after completing her PhD.

PhD Student Summer Research Awards

An unusual feature of the BU PhD program is an internal competition for Summer Research Awards which enable students to focus on research early in their careers. A byproduct is that students learn to produce research proposals during graduate school, preparing for this important part of working as research economists. Students receiving Summer 2007 awards are: Alfredo Burlando, Jessica Calfee, Andrea Canidio, Hiro Ishise, Ting Liu, Yang Lu, Ernesto Pasten, David Rapson, Doriana Ruffino, Yohei Yamamoto, Vladimir Yankov, Yunpeng Zhang and Jing Zhou.

Other graduate student research notes

BU PhD students are increasingly effective in competing for external research awards:

Rashmi Barua won a \$15,000 fellowship from AREA/NSF to support her studies in 2007-2008.

Deepti Goel has received a fellowship from Statistics Canada.

Neha Neha received a grant from the World Bank to fund survey research in India that will be featured in his dissertation.

Pasquale Schiraldi won the 2006 Young Scholar Essay Research Award from the Italian Society for Industrial Organization for the paper "Second-Hand Markets and Collusion by Manufacturers of Semidurable Goods."

Zhongjun Qu (PhD 2005) won an honorable mention (second place) for the 2006 Zellner Thesis Award in Business and Economic Statistics sponsored by the American Statistical Association via the Journal of Business and Economic Statistics.

Shenyi Jiang, Aditi Mehta, and Brad Rice have had papers accepted for presentation at the International Health Economics Association Conference in Copenhagen, and received a scholarship that will help them attend.

New Developments

Undergraduate Studies

These developments promise to make Economics, which is already among the most popular majors in the College of Arts and Sciences, even more attractive to undergraduates.



New Electives: Two new exciting areas of economics are Behavioral Economics and the Economics of Information. The new elective in the Behavioral Economics area will enable students to learn about how economists think about topics on the interface between economics and psychology, with applications as diverse as product marketing, stock market booms and busts, saving and retirement decisions, and the “marriage market.” The new elective in the Economics of Information will provide students with insight into the structure of incentive contracts, the nature of continuing relations between workers and firms, the pricing of insurance, and many other topics.

Enhanced advising: The undergraduate studying economics at Boston University will have a battery of advising resources available. First, there is a full-time undergraduate advisor that is an expert on the Economics programs and how these work within the university. For many graduating students, this advisor will have been Andy Campolieto. Andy’s talents aren’t just in economics advising, though: he is an accomplished musician whose band, Jo Henley, was recently showcased on radio as well as the program “It’s All About the Arts,” televised locally on BNN Channel 9. Andy has moved over to the PhD program, building further expertise on how the department works. His replacement, Daryl Graves, ensures that all majors and minors are carefully and accurately counseled. Second, Professor Todd Idson is always available for students with special requests and circumstances. Third, each undergraduate major is assigned to a faculty advisor who

can provide advice on selection of electives and the best strategies for accomplishing both professional and postgraduate goals. The department has made it easier for students and faculty to communicate about these important matters by providing all faculty with online access to advisee records.

The Undergraduate Economic Association: In recent years, since Professor Idson’s arrival at BU, the activity of the UEA has substantially increased. There is an enhanced Brown Bag faculty speaker series, periodic alumni talks to undergraduates, and a UEA newsletter. The recently elected executive board for the next academic is an energetic and high quality group with many plans for expanded activities.

New majors: The department is currently in the process of putting the final touches on two new interdisciplinary majors, one in Economics and Journalism and another in Economics and History. The EJ program aims to provide both improved economic training for future journalists and to alert existing economics majors to an interesting career path that they may not have otherwise considered. The EH program builds on the idea that the BU Economics department has a distinguished group of economic historians, including Maristella Botticini and Robert Margo, as well as other faculty with side interests in economic history. This program will build on this strength and formalize links to the History department, providing a dynamic opportunity for our undergraduates.

The Masters Program

Whether measured by scale or success, 2006-2007 has been a good year for the Master’s degree programs of the Economics Department. During the past year, over 120 students were enrolled in the MA, MAEP, BA/MA and MA/MBA programs, with 75 obtaining degrees. The Master’s students come from diverse countries and backgrounds and include several Fulbright scholars.

Master’s degree students are offered ten or more elective courses each semester, covering a variety of fields, in addition to the core courses in microeconomics, macroeconomics and econometrics. The Master’s level training is rigorous and is much sought after by employers. Recent graduates have been well placed in the consulting and financial industries, as well as governmental and non-profit organizations.

The alumni of the Master’s program maintain a very active link to the department. At the Master’s career information meeting held this January, an alumni panel offered advice to current students and spoke about their own careers and job-seeking experience, both during the presentation and a subsequent reception. Further links between alumni and current students are facilitated by a Master’s placement clearing house on the Economics Department’s website. Some students at Boston University take the BA degree together with the MA degree. Others enter the program in the Spring or Fall semester. According to the director of the MA programs, Professor Hsueh-Ling Huynh, admissions for both semesters is conducted on a rolling basis and is presently open for both semesters of the 2007-2008 academic year.

Several current students will be pursuing higher degrees directly after earning their Master’s. Michael Choi (MA) and Toshinori Onuma (MA) will enter the economics doctoral program at the University of Wisconsin, and Nicholas Wilkins (BA/MA) will enter Harvard Law School. Dana Rotz (profiled elsewhere in this newsletter) is graduating from the BA/MA program with top honors and will accept a Dean’s Fellowship to undertake her doctoral studies in the Economics Department.

BU Economics Master’s students also do well in public service. Esmeralda Stuk, another BA/MA, is a finalist for the prestigious U.S. Government’s Presidential Management Fellowship, which is open only to candidates with post-graduate degrees.

A Conversation with Todd Idson

Director of Undergraduate Studies



You came to BU from Columbia University, where you had previously worked to introduce many changes in the undergraduate program. How did your experience there help you in your work here as the Director of Undergraduate Studies?

I learned at Columbia that students very much appreciate and desire faculty attention. They want their faculty to be open in instruction and advising, of course, but they also want them to be thinking about innovative new programs. As Columbia introduced changes to the basic economics major and created new interdisciplinary majors, students quickly recognized that the department cared meeting the interests of a diverse student body and providing the type of training most needed after graduation. Part of the reason that Columbia introduced a new required econometrics course was that economists at the Federal Reserve Bank of New York indicated that it would give them an advantage in competing for positions with the Fed. As a result of the initiatives at Columbia, economic enrollments increased dramatically and many new courses were added. Other departments contacted us to suggest joint majors and to learn about how to improve their own programs. I see the same wheels in motion here at BU.

One area of research interest for you is the economics of sports. What are hot topics in that area?

Sports markets provide exciting opportunities for theoretical and empirical economists to apply their skills to a wide variety of questions. One area of research has used the extensive performance data on players to empirically assess pay differences across demographic groups. In addition to attempting to quantify possible discriminatory pay differentials, a number of studies have been able to use these and other attributes of these markets to look at other possible sources of discrimination such as customer-based discrimination (perhaps the most well-know of these studies looked at racial differences in the price of baseball cards, controlling for the performance of the player). Some relatively recent work in this area has tried to look at patterns of complementarity between players by linking individual performance statistics to teammate (coworker) performance, and the resulting impact on compensation, the motivation being to use sports data as a window into answering such questions as the general impact of coworker quality on individual worker performance (traditional empirical labor market studies by necessity tend to ignore these questions since data on the characteristics of fellow workers is not generally available). Another ongoing line of research stems from the

local public finance literature and asks whether or not the presence of a franchise really benefits a particular city, and if it is worthwhile for cities to invest in new stadiums and associated structures, and optimal location of these stadiums and so forth. As franchises search for the best deals and cities attempt to lure top teams, often to their inner cities, the question of the true effects of these efforts is always of great interest. Finally, perhaps the most important line of sports economic research in the area of market design: how does the structure of sports leagues affects such things as the financial viability of teams and the distribution of talent? Unlike many other markets where each employer would very much like to have a monopoly position, in sports markets complete dominance by one team would likely deaden fan enthusiasm and certainly not be desirable. Simon Rottenberg first articulated this important attribute of sports market, coining the term "competitive balance," i.e., the optimal degree of competition not from the standpoint of standard welfare economics criteria, but rather from the standpoint of viability of the particular league. Both empirical and theoretical research are quite vibrant.

Since moving to Boston, have you become a Red Sox and Patriots fan?

Frankly, I am a bit of an odd-ball when it comes to economists who do research in the area of the economics of sports: most are avid sports fans. I really have very little interest in sports per se, although I do inconsistently follow tennis and ice-skating, even though I am mediocre at the former and embarrassing bad at the latter. But I got into the area because of the unique data that is available. As a labor economist interested in wage determination, I am usually forced to rely on very crude proxies for productivity, such as general education level, years on the job, and so forth. But sports is great: we have exact performance statistics. It was for this reason that I started looking at sports data. Over the years I have become more fully involved in the broader research area, such as questions of market design and competitive balance in sports leagues. Even so, I am still a bit of a loss when talking with people about sports economics if they ask me actual questions about sports. Nevertheless, I must admit that in the past few years I've become a bit of a Sox fan, but only when I'm not visiting friends back in New York!

College Prize for Excellence

Each year, the Department chooses one exemplary undergraduate student for the College Prize for Excellence in Economics. This award is given to the student who has shown the greatest achievement in economics, not only in terms of academic success, but also commitment to the field and a deep passion for learning.

This year's recipient, **Dana Rotz**, is from Cleveland, Ohio. She will be graduating this May with her Bachelor's in Economics and Mathematics as well as her Master's in Economics.



You have a black belt in karate and you once auditioned to be in a Harry Potter movie. Can you tell us a little about how you came to each of these experiences?

Actually, I have my brown belt in Shotokan Karate. I am currently training to test for my black belt, hopefully at the end of the summer. I started practicing karate when I was twelve because it had always been very interesting to me, but I especially enjoy the club here at Boston University. Right now I am finishing up my term as president of the New England Collegiate Karate Conference, which is BU's club's regional organization.

I started acting at a very young age, and when I found out Warner Brothers was looking for fresh talent for the Harry Potter movies, I jumped at the opportunity to send in a headshot and resume. It was very exciting, and I got pretty far along into the process, but then they decided they were not going to hire any non-British child actors. After that, I started doing technical theater, mostly stage management, which I also immensely enjoy and still dabble in today.

How has your academic and personal experience been at Boston University? What is special about the University in general and the Department of Economics specifically?

I have enjoyed my time here at BU tremendously—so much so that I will be retuning next year for the PhD program. Boston University is very special because it has the feel of a small college but the facilities of a large research university. I really got the feeling that the professors here were interested in what I had to say and wanted to help me succeed academically.

Which professors or courses impressed you the most?

I was very impressed with the International Economics sequence. Professor Lucas (EC591) was always willing to elaborate upon concepts I was particularly interested in during his office hours. Professor Baxter (EC595) explained many normally confusing financial concepts in an understandable and enjoyable way. She was also exceeding helpful in my process of making the decision to attend graduate school. Additionally, I have thoroughly enjoyed Game Theory with Professor Lipman, and working as a Research Assistant to Professor Kotlikoff. Both taught me valuable ways to think about the world.

What are your plans for the future?

I will begin my doctoral studies in economics here at BU in the fall. What can I say, I have good taste!

What is your favorite kind of music?

I really like alternative rock, but I think I would be lost without show tunes on my iPod.

A Recent Graduate

Many Economics graduates from BU and other major universities wind up in the business world, but Cole Farnum has taken a different path. Cole is a 2006 graduate with degrees in International Relations and Economics, currently in serving in Teach For America program. This February, he returned to campus to speak

to outstanding college upperclassmen about Teach For America as an option after graduating from Boston University. Cole retains close contact with the Economics Department and can be reached at cole.farnum@corps2006tfanet.org. He is shown here with some members of his fifth-grade class in Brownsville, Texas.



Conversations with Economists Lecture Series

Each year the Department of Economics holds a series of "Conversations with Economists" to which students, alumni, and the public are invited. **R. Preston McAfee**, Professor of Business Economics and Management at California Institute of Technology, kicked off the 2006-2007 series in September by speaking on "Pricing." Other distinguished visitors included **Miranda S. Goeltom**, Senior Deputy Governor of Bank of Indonesia, on "The East Asian Currency Crisis: A Retrospective and Prospective Analysis, an Indonesian Case," in October; **Louis Uchitelle**, Economics Writer for The New York Times, on "The Disposable American: Layoffs and Their Consequences" in November; and **Jeffrey C. Fuhrer**, Executive Vice President and Director of Research at the Federal Reserve Bank of Boston, on "The Evolution of Federal Reserve Transparency and Communication" in April.

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