



# Economics News



SPRING 2009

## A letter from the Chair

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

After four years as Chair of the Department of Economics, I am stepping down to focus on teaching and research. I have been fortunate to lead the Department during an exciting period. We have made considerable progress on all aspects of our mission. In undergraduate education, we created the Principles Center and expanded course offerings as undergraduate enrolments rose. This fall, in collaboration with the Departments of Geography and the Environment and International Relations and the School of Public Health, we will launch a pair of MAs in Global Development Economics and Global Development Policy. The reputations of our master's and doctoral programs continue to rise.

We have hired two terrific new faculty. Laurent Bouton is a specialist in political economy who joins us from the European Center for Advanced Research in Economics and Statistics at the Université Libre de Bruxelles. Laurent's research focuses on voting mechanisms when voters have similar objectives but different information. Alisdair McKay is completing his dissertation in macroeconomics at Princeton University where his research is examining the effects of social security privatization.

The Boston University Department of Economics continues to be highly recognized. Dilip Mookherjee was elected a Fellow of the Econometric Society. Claudia Olivetti was appointed a research fellow of the National Bureau of Economic Research. Simon Gilchrist has been advising the Board of Governors of the Federal Reserve System on policies to address the economic crisis. Pierre Perron won the *Econometric Theory* Plura Scripsit Award. Randy Ellis and his co-author won the National Institute for Health Care Management award for the best paper on Health Care Management. Bart Lipman is Program Chair for the 2009 North American Summer Meetings of the Econometrics Society which (thanks to Bart) will be held at Boston University. And I was appointed to the National Research Council's Board on Testing and Assessment. And our students are also doing well. Hillel Bavli (CAS '03) sent word that he had received a Fulbright Fellowship to study quantum game theory at Hebrew University. Likewise, Phillip G. LeBel (GRS '77), has been awarded a Fulbright Senior Teaching and Research Fellowship at Addis Ababa University in Ethiopia for the spring of 2009.

Economics attracts a strong group of undergraduate concentrators from the already select field of Boston University undergraduates. We congratulate our winners of the College Prize for Excellence in Economics, Justin Ladner and Krystal Tan. *I invite you to read their candid perspectives on their experiences at Boston University, which appear on the back cover of this newsletter.*

We are very proud of our undergraduate and graduate alumnae/i, our best ambassadors throughout the world. We also want to express our deepest gratitude to all the alumnae/i 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.

With my best wishes,

Kevin Lang  
Chair, Department of Economics



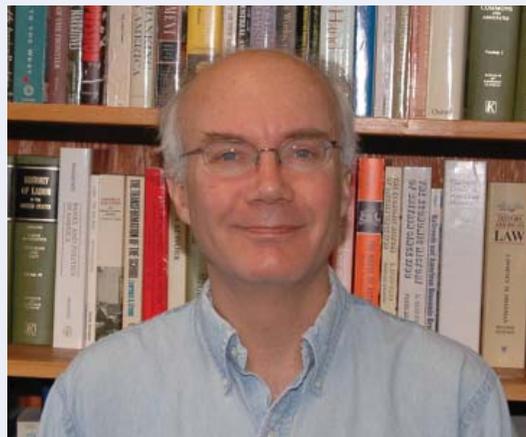
## Donations to Economics

The Economics Department continues to benefit tremendously from generous gifts from alumni and other friends. Thanks to a generous donation from one of our alumni, the Principles Center is air-conditioned. Next year teaching assistants staffing the room will be able to provide on-line as well as in-person help. In future years we hope to expand the hours that the Center is open, the availability and quality of on-line assistance and to provide support for students in required intermediate economics classes. We refurbished one of our rooms where many smaller seminar-style classes are taught. The space has new furniture and state-of-the-art computer-presentation equipment. A generous gift in honor of Gerald Tsai will fund a distinguished visitor each year and an annual lecture on Capital Markets and Finance.

The department continues to benefit from the support of the Rosenthal family who provide the funding for the Robert Rosenthal Memorial Lecture. Lectures from the last three years, soon to be joined by this year's talk (see inside) are available on our website [www.bu.edu/econ/workshops/rosenthal/index.html](http://www.bu.edu/econ/workshops/rosenthal/index.html). Thanks to the generosity of our faculty and friends we are about halfway to our goal of endowing this lecture.

The faculty and students in the Department of Economics acknowledge the generosity of our alumni and other donors with gratitude. Their gifts have made the department a better place to teach, to learn, and to conduct research. Of course, the department continues to have major capital and other 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 Karen Fung, Director of Development ([kfung@bu.edu](mailto:kfung@bu.edu)), Professor Laurence Kotlikoff ([kotlikof@bu.edu](mailto:kotlikof@bu.edu)) or Professor Kevin Lang ([lang@bu.edu](mailto:lang@bu.edu)). Information on donating to the department can be found at <http://www.bu.edu/econ/department/donation.html>. A full list of recent donors to Economics is included inside this newsletter.

# A Conversation with Bob Margo



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

I was an undergraduate at the University of Michigan. I had a musical side and a mathematical side. But pure math seemed too ethereal and I didn't want to starve (I played jazz guitar at the time). I took a class in intermediate microeconomics. I was hooked by the formal clarity of economic models and could also see the artistry in their application.

*You earned your PhD in Economics from Harvard University. Who has been the scholar with the most profound impact on the way you think as an economist and why?*

At Harvard I fell under the spell of Robert Fogel, the great economic historian who later won the Nobel Prize. Bob has the ability to see the grand architecture of a problem and the capacity for an almost infinite amount of work on the details.

*You are an economic historian. What exactly does that mean? Suppose one of the many smart and bright undergraduate students at Boston University walks into your office and says "I want to become a great economic historian. What should I do?"*

Great economic history is great applied economics in a historical context. I would tell your student she needed to master first the technical tools of economics and also develop a healthy knowledge of the method and materials of history because, otherwise, you can't get the context right.

*Bankers and finance professionals are blamed for the current financial crisis. Economists are blamed for not having seen what was going to happen. What is your reaction? As an economic historian, you have a great advantage: you can use the past to help interpret the present (and predict the future?).*

I don't think economic historians have greater ability to predict the future. That said, there is abundant historical evidence that financial crises can have terrible consequences if not nipped in the bud. The country is fortunate that two leading students of the Great Depression, Ben Bernanke and Christina Romer, are at the economic helm.

*In November 2008, Barack Obama became the 44th President of the United States. Your exciting research has to do a lot with the economic history of African-Americans. What does Obama's election mean to you as a scholar?*

I recently gave a public lecture at Case-Western entitled "Obama, Katrina, and the Persistence of Racial Inequality." After the Civil War African-Americans were desperately poor. Slowly but surely each generation increased its income and wealth and the huge initial racial gap decreased. Barack Obama is unique in his job but he is not unique as an example of this process. However the extent of long-run racial narrowing is less than standard economic models predict because of discrimination.

*You will be our next chairman. Imagine yourself giving a speech in our first faculty meeting in September. What would you say to the department and what will be your three top priorities?*

I'd begin by thanking Kevin Lang for his extraordinary leadership during the past four years. Times are tough but I'm cautiously optimistic because the demand for economics courses is extremely strong. Priority #1 is faculty hiring – our classes are very overcrowded. Priority #2 is to continue efforts to improve the quality of teaching and the research environment. Priority #3 is alumni relations – we are blessed with wonderful alumni/alumnae with whom we need to stay in touch.

*You play classical guitar, mandolin, and lute -- pretty impressive for an economist! Are you going to entertain your colleagues by playing music when each of us comes to your office complaining about something?*

We all need balance in life and making music gives me the balance I need. I don't know if playing will soothe disgruntled colleagues, but I do like to perform. In the Boston area I play regularly on mandolin-family instruments (and sometimes renaissance lute) with the Providence Mandolin Orchestra ([www.mandolin-orchestra.org](http://www.mandolin-orchestra.org)) and also occasionally perform on classical guitar.

*Interview by Maristella Botticini*

# A Conversation with Simon Gilchrist



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

I started my undergraduate studies as an engineering major. I was unhappy with the structure of such a degree however, in part because I wanted to take more humanities classes than an engineering program would allow. I delved into French and German literature but also took economics courses. These seemed to offer the right balance between my humanities instinct and the rigors of model-based reasoning. I also found very appealing the idea that economic policy could be an important determinant of social welfare. At that point, I decided to go to graduate school and learn more.

*You earned your PhD in Economics from the University of Wisconsin. Who has been the scholar who had the most profound impact on the way you think as an economist?*

My advisor Mark Gertler has been very influential. At that time Mark was working with Ben Bernanke on studying the role of financial market imperfections in business cycle dynamics. Mark's research was strictly theoretical however. I was strongly motivated by the idea that such theories were important but had little empirical evidence to back them up. My thesis focussed on testing the empirical implications of such theories. Mark was very supportive of this, which gave me a good grounding in the importance of linking theory to data in an empirically rigorous manner. Much of my research since then has attempted to do just that. Mark also approaches economic problems with a healthy dose of common sense and an eye for whether the issue at hand is relevant in the larger scheme of things. I would like to think that this approach has rubbed off on me and is reflected in my research.

*Among your co-authors, there is the current Federal Reserve Chairman, Ben Bernanke. That's pretty impressive! So I'd ask you to be as tough as you would be when refereeing a paper for an academic or policy journal. What do you think of Bernanke's choices and strategies to help the U.S. come out of the financial crisis and economic downturn stronger and on solid foundations for the future?*

Chairman Bernanke literally has one of the hardest jobs in the world right now. I'm fully supportive of the actions taken by the Federal Reserve in the current crisis. The Fed lowered interest rates early on in the downturn and has kept them low which was the right policy. Now that nominal interest rates are at zero, the Fed's policy is much more unconventional – buying assets through programs such as the Term Auction Lending Facility. I also think this is the right policy but is closer to what one might traditionally view as fiscal rather than monetary policy. At this point, political considerations start to limit choices. It also raises concern that the Fed might be subject to political

pressures that threaten to limit its independence in the future. Although this seems unlikely, it would be disastrous if it were to occur. One could potentially criticize the Fed for not having adopted a more systematic approach to bailing out financial institutions during the last year but this is clearly with the benefit of hindsight.

*Bankers and finance professionals are blamed for the current mess. Economists are blamed for not having seen what was going to happen. We often encounter such comments in newspapers and on TV. What is your reaction?*

There is lots of blame to go around. The extreme risk-taking of financial institutions is a result of compensation policies that rewarded short-term results over long-term outcomes. It is also arguably due to the anti-regulatory stance of the past two administrations. Mainstream economists have also downplayed the importance of finance as a determinant of economic outcomes, despite mounting evidence that financial crises have been one of the most important sources of economic instability worldwide since the collapse of the Bretton Woods era. If the economics profession had focused more on such issues, I suspect we would have adopted sounder regulatory policies that would have avoided or at least mitigated the worst effects of the current crisis.

*You are a wonderful dad and you care a lot about your children's future. What would you say to the many parents who are deciding right now where to send their children to college (including BU) and may be deeply worried about the possibility of being unable to finance their children's education if the economy does not recover?*

My daughter is a freshman in college right now so I definitely think about these issues. Fundamentally, the U.S. economy is sound – it is one of the most productive nations in the world and rewards effort and entrepreneurship in a way that guarantees long-term success. The main concern going forward is the speed with which policy makers can solve the problems in the financial sector and adopt sensible regulatory policies. I am optimistic that economic policy makers will eventually get things right, and the U.S. economy will be back on track soon. At that point I suspect a college education will be more valuable than ever.

*Last question: you are offered the possibility of being the next Federal Reserve Governor, the next President of the United States, or the next George Clooney. Which one would you like to be and why?*

I don't think I'm a very political animal and would make a terrible president. I'm also far too shy to desire the limelight that Mr. Clooney basks in, though I'm sure my kids would think that's much cooler than being an economist. Being a Fed governor would be a great job however. I would get to work with a fantastic staff on issues that are both intellectually interesting and obviously important, though ideally I would skip the congressional testimony, and perhaps not have to wear a suit and tie everyday.

*Interview by Maristella Botticini*

# FOCUS ON OUR FACULTY...

## Editorial Boards

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



Marc Rysman and Daniele Paserman are two of the many department faculty playing central roles in economics 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*), **Larry Epstein** (associate editor at *Journal of Economic Theory*, *Journal of Risk and Uncertainty* and *International Journal of Economic Theory*), **Simon Gilchrist** (editorial board, *American Economic Review*; associate editor, *Review of Economics and Statistics*), **Jacob Glazer** (associate editor, *The Journal of Health Economics*), **Francois Gourio** (associate editor, *Journal of Monetary Economics*), **Todd Idson** (editorial board, *Journal of Sports Economics*), **Robert King** (editor, *Journal of Monetary Economics*), **Kevin Lang** (co-editor, *Labor Economics*), **Bart Lipman** (associate editor at *Econometrica* and *Games and Economic Behavior*; co-editor, *Theoretical Economics*), **Albert Ma** (editor, *BE Journal of Economic Analysis and Policy*; associate editor, *Rand Journal of Economics*), **Bob Margo** (editorial boards at *Explorations in Economic History*, *Quarterly Journal of Economics* and *American Economic Journal: Applied Economics*), **Dilip Mookherjee** (associate editor at *Rand Journal*, *BE Press Journal for Theoretical Economics*, and the *German Economic Review*), **Andrew Newman** (associate editor, *Berkeley Electronic Press Journals in Theoretical Economics*), **Claudia Olivetti** (associate editor, *Labour Economics*), **Daniele Paserman** (associate editor, *Labour Economics*), **Pierre Perron** (co-editor, *Econometric Journal*; advisory editor, *Journal of Time Series Econometrics*; editorial board, *Revista de Econometria*, *Economia Applicada*; Member of the International Scientific Committee, *Actualite Economique*), **Marc Rysman** (associate editor, *International Journal of Industrial Organization*; associate editor, *RAND Journal of Economics*; co-editor, *Journal of Economics and Management Strategy*), **Ingo Vogelsang** (editorial boards at *Journal of Regulatory Economics*, *International Economics and Economic Policy* and *Review of Network Economics*; associate editor, *Information Economics and Policy*).

## Faculty Teaching Awards

This year's winner of the *Neu Family Award For Teaching Excellence in Economics* is **Daniele Paserman**. Daniele teaches labor economics to undergraduate and graduate students. After arriving at BU from Hebrew University in Jerusalem two years ago, he has won over his American classroom. His students call his class "useful and interesting" and point to his use of case studies and empirical examples.

This year's winner of the *Gitner Prize for Excellence in Undergraduate Teaching* is **Dilip Mookherjee**. Dilip teaches development economics to undergraduate and graduate students. A 20 year member of the department, he has legions of grateful students at BU and within our alumni. In his most recent set of evaluations, students call him "passionate," "fascinating" and, several times, "awesome".

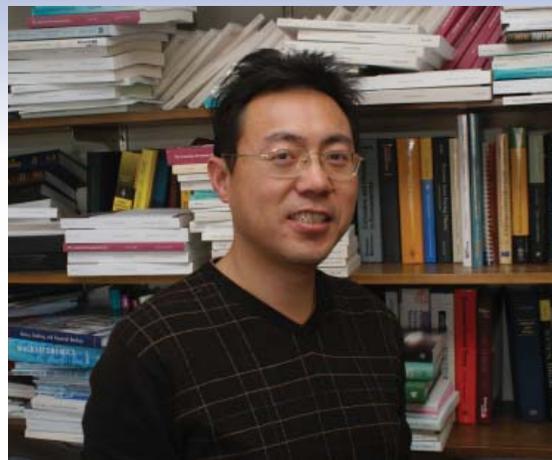
## Conversations with Economists Lecture Series

Each year, the Department of Economics holds a series of "Conversations with Economists" to which students, alumni, and the public are invited. The 2008-2009 series was kicked off by Stu Taylor, host of three business shows on Radio America Network and Business 1060, WBIX-AM/Boston, in September speaking on "The Financial Market Meltdown – A Gut Check from the Real World". Wing Thyee Woo, Senior Fellow, Brookings, analyzed "China's Economic Transformation" in October, and Perry Mehrling, Professor at Columbia University's Barnard College spoke on "Is This the Big One? The Global Credit Crisis of 2007?" in November. Gonzalo Sanchez de Lozada, Former Bolivian President (1993-2002) spoke in March on "Latin America and the World - Yesterday, Today and Tomorrow". The series was expanded this Spring to include "Conversations with Economists and Computer Scientists", with the first speaker being Maximo Torero, Division Director, International Food Policy Research Institute on "Information and Communication Technologies for Development and Poverty Reduction".

## IED Hosts NEUDC Conference

The Institute for Economic Development hosted the Northeast Universities Development Consortium (NEUDC) Conference on November 8th & 9th of 2008. The NEUDC is a major forum in development economics which rotates among the organizing Institutions: Boston University, Brown University, Cornell University, Harvard University, Williams College and Yale University. The conference received over 309 papers of which 146 were selected for presentation and 32 for posters. Over 300 people from all over the world participated in the conference.

## *A Conversation with* **Jianjun Miao**



*You earned your B.S. in China and your PhD in Economics from the University of Rochester. Which scholars have been the most influential on your career as an economist and on the way you think as an economist, and why?*

I became interested in mathematics in high school and majored in mathematics in college. I switched to economics during my graduate studies. Zeke Wang, a mathematician and my MA advisor in China, taught me how to think about economics as a mathematician. Gregor Smith, my MA advisor at Queen's University, taught me how to think about economics intuitively as an economist. Larry Epstein, my PhD advisor, taught me how to formalize economics rigorously and why rigorous foundations are important.

*Can you briefly summarize what are the most exciting topics on which you have recently worked or you are currently working on? You work on quite a vast array of different and exciting topics!*

I believe economics is about how individuals behave in a given economic system and how the system allocates resources. Both market frictions and preferences are important.

For example, I have studied the relationship between capital structure, dividend taxation, and investment. The key idea is that capital markets are imperfect. As a result, there is a tradeoff between the tax advantage of debt and bankruptcy costs. In addition, with incomplete markets, risky debt has a diversification benefit. Dividend taxation introduces a wedge between internal finance and external finance, thereby distorting investment decisions.

Currently, I am working on models of heterogeneous firms facing investment frictions and models of decision making under learning and uncertainty. Financial markets are full of uncertainty and information asymmetries. Modelling investor's trading behavior under uncertainty and information asymmetries is important for understanding asset prices.

*China's economic growth has been remarkable over the last two decades. Can you tell us a little bit about how this has affected your home town and your family?*

I feel China's fast growth every time when I visit my family in my home town, Huanggang in Hubei Province. Many new buildings and new roads have been constructed over the years. I can hardly recognize my home town.

*You are teaching a new course on the economy of China this semester. What topics do you cover? Why did you choose these?*

I start with some historical background of China. I then talk about economic growth using the Solow model. Next, I cover short-run fluctuations and then I move on to fiscal and monetary policies. Finally, I cover some special topics such as state-owned and nonstate-owned enterprises and foreign trade. Throughout the course, students are exposed to quantitative analysis using current data on China. I chose these topics because I believe they are important for understanding the Chinese economy.

*What is your favourite music? movie? sport?*

Piano, the 007 series, and tennis.

*Interview by Maristella Botticini*

Jianjun Miao joined the BU faculty in Fall 2003. He is a prolific young economist with very diverse research interests, as reflected in a sampling of his papers: "Optimal Capital Structure and Industry Dynamics" in the *Journal of Finance*, "Option Exercise with Temptation" in *Economic Theory*, "Competitive Equilibria of Economies with a Continuum of Consumers and Aggregate Shocks" in the *Journal of Economic Theory*, "A Search Model of Centralized and Decentralized Trade" in the *Review of Economic Dynamics*, and "Firm Heterogeneity and the Long-Run Effects of Dividend Tax Reform" in the *American Economic Journal: Macroeconomics*.

# Undergraduate Studies in Economics

*Economics requires students to think rigorously and systematically, thereby enabling them to master and apply new knowledge as required in our rapidly changing world. We attract a diverse and talented group of students who excel not only in their studies but also in their contributions to the broader university, in athletics and the arts. We highlight below just a few of these outstanding young men and women.*

**Amrita Devalapalli '10** of Raleigh, NC and **Neeпа Shah '09** of Richmond Hill, Ontario, Canada are studying Economics while undertaking the Seven-year Liberal Arts/Medical Education Program. They share other interests as well: Amrita and Neeпа both have been members of Dheem, BU's classical Indian dance group.

We look for the two of them to play a role in the economics of the health system in the years ahead. Amrita put her economics minor to work last semester while she studied abroad at the World Health Organization headquarters in Geneva, Switzerland and started a cost-effectiveness analysis on two postpartum hemorrhage drugs. Neeпа is very interested in health policy and management and hopes to combine hospital administration or policymaking with practicing clinical medicine in the future.



*Amrita Devalapalli*

**Ted Wing Lee '09** of New York, NY and **Kenryo Mizutani '10** of Berlin, Germany combined a wide range of activities with majoring in Economics. Kenryo was this year's president of the BU Japanese Student Association; he swims, runs and rock climbs on a regular basis. But, having lived in six countries, learning foreign languages became his life-long passion: he is trilingual and conversant in two other languages. Ted has a concentration in economics as well as a dual minor in business administration and Chinese. He also found time for a radio show, an executive position in a student club, three different jobs throughout the past four years, and work with the Undergraduate Chinese Society.



*Kenryo Mizutani, Neeпа Shah and Ted Wing Lee*



*Dan Schultz and John McCarthy*

**John McCarthy '09** of Andover, MA and **Dan Schultz '09** of Highland Park, IL combined Economics with high level athletics. Dan graduated in January '09 with a degree in economics, after playing four years of soccer for BU: "Being a student athlete made me a stronger person and gave me friendships with my teammates that will last a lifetime." He is pursuing his lifelong dream of becoming a professional soccer player: he hopes to sign with a pro team soon after a June trip to Israel for the Maccabi games. John played on the varsity hockey team for four years, serving as co-captain this year as the team won the NCAA National Championship held in Washington, D.C. During his time, BU won three Beanpot titles, appeared in three NCAA tournaments, and won two Hockey East Championships. John found that earning a degree in

economics from B.U. took a lot of hard work and dedication, just like his hockey experiences. After graduation, John will pursue a career in hockey, a sport that he has played since he was three years old.



*Mario Mitrano and Tal Raizer*

**Mario Mitrano '09** of Somerville, MA and **Tal Raizer '09** pursued diverse academic and other activities after coming to BU from near and far. Tal was born in Beer Sheva, Israel. At the age of six, her family moved to Lagos, Nigeria and then to Parkland, Florida eight years later. An Economics major, she brought her diverse experiences to college: "going from witnessing extreme poverty and disease to a suburban neighborhood in Florida made me realize that there are things I can do to make a difference." At BU, she mentored Boston school children with the Community Service Center; volunteered with Student Food Rescue, a food salvage program; and worked for Project Hope, an HIV/AIDS awareness project. After graduation, she will be in a joint Bachelor and Master's program at Johns Hopkins University, which will allow her to become a Nurse Practitioner. Mario studied English, as

well as Economics, rounding out his liberal arts education. Mario also served on the Undergraduate Economic Association's executive board twice, as both its president and vice president. He also worked at Agganis Arena for most of his college career: "after being at so many hockey games, seeing them win a national championship may actually be my favorite college memory."



## DEPARTMENT OF ECONOMICS DONORS

*The Department of Economics expresses its gratitude to the following individuals who donated to a departmental gift account in 2007-2008 or 2008-2009 (through May 5):*

The Reverend Peter Cole  
Dr. Yongmin Chen  
Dr. E.B. Gendel  
Mr. and Mrs. Oh Huyn Kwon  
Mrs. Stephanie Behrakis Liakos  
Ms. Rosalyn Lowe  
Richard and Amy Neu  
Professor Gregory Pavlov  
Dr. Bingsong Fang and Ms. Huaying Peng  
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Mrs. Ruth W. Rosenthal  
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*(including matching funds from Chubb and Son Inc.)*  
Mr. Ray P. Thek  
Dr. Jan Walliser  
Mr. Adam D. Wizon  
Ms. Sylvia H. Wee  
*(including matching funds from Wells Fargo Foundation and donation from Wells Fargo Community Support Campaign)*  
Mr. Stanley Zax



*The renovation of the Department's main seminar and class room, the Rosenthal Room, was made possible by the gifts of donors.*

## 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.

This year provides an unusual and exciting opportunity for those wishing to give through the annual fund. In brief, Sidney J. Feltenstein (COM '62) and his wife, Lisa, have issued a \$1 million matching-gift challenge to inspire all friends of Boston University to join them in their support of the university. The Feltensteins will match, dollar for dollar, all new and increased annual fund donations made between April 1 and June 30, 2009.

If you did not make a donation to the annual fund last year, the Feltensteins will match any donation you make during this time period dollar for dollar. You double the impact of your donation.

If you did make a donation to the annual fund last year, we hope you are renewing your donation this year, but in addition, the Feltensteins will match any increase in your donation dollar for dollar. You double the impact of your added generosity.

And remember that you can direct your donation to the Department of Economics. We appreciate your support.

## A Conversation with

# Maristella Botticini



*Excluding kindergarden, when and why did you decide that you wanted to study economics for the rest of your life?*

I arrived to economics in a rather random way. When I was 11, I had never visited any place except a few towns near the village where I was born in northern Italy. While I knew the world only from books, I wanted to become a journalist to travel to many places and tell readers what I was seeing. When I graduated from high school, I wanted to become a physician or a surgeon because I love to take care of people. But in Italy at that time, there were too many physicians and surgeons: there was a significant risk of not finding a job, which I really needed as I do not come from a wealthy background.

Almost by chance I applied to Bocconi University in Milan: I was admitted and I started studying economics for the first time in my life.

*In graduate school, who has been the scholar who had the most profound impact on the way you think as an economist?*

In answering this question, I have the opportunity to thank my dissertation advisor and mentor: Joel Mokyr at Northwestern University. I had never thought about studying economic history when I arrived at Northwestern, but its department requires one to do so as part of its graduate core curriculum. At first, I was kind of upset: "I did not cross the Atlantic to study economic history! I want to study economics." With this attitude, I went to the first lecture, expecting to be deeply bored by the subject. When the lecture was over, I thought "I just found what I want to study and to do for the rest of my life!!!"

Joel Mokyr has a gift: his enthusiasm for economic history is like an infectious disease. I am currently writing two books, one on Jewish economic history in the past two thousand years, and the other on marriage markets in comparative perspective. I am dedicating these two books to Joel.

*You taught Introductory Microeconomics to thousands of BU undergraduates in the past few years. Any lessons to share?*

Yes, two "lessons", but first a little background. When I had just started working at BU as an assistant professor, I saw 488 students in front of me as I walked into Morse auditorium: I felt like Russell Crowe in the "Gladiator" when he entered the Colosseum. I looked around and saw many skeptical faces. The students were surely thinking that "economics is deeply boring" and probably wondering "will she be able to teach at all"? At the end of the semester, two comments in the teaching evaluations made me smile: "we love economics!" and "she has a funny accent".

The first comment shows one lesson: if we love what we study, we can make the students excited about any topic or field. This is our best gift to our students---excitement for learning. The second lesson is: *volere, potere*. This is an Italian expression which means, more or less: "if you want something strongly, you can succeed in accomplishing it."

*What is special for you about the Economics Department at Boston University?*

I know that some, or all, of my colleagues will laugh when they hear this, but I mean every word of it. When I arrived at BU in 1997, I was terrified: I saw distinguished senior scholars and bright junior colleagues. I felt like a little mouse in front of big lions! Over the years, I learned from them: in seminars and faculty meetings, over lunch and even in hallway conversations. I learned what it means to do first-rate research and to build an institution.

For me, the best thing about the department is its collegiality. There is a feeling of being part of a team, each with different tastes or skills but with a common goal to build a great research and educational environment. I thank my colleagues for their generosity and their friendship. The Economics Department at Boston University will always be "my home."

Maristella Botticini has been a highly popular teacher of Principles of Economics at BU, while becoming one of the world's top young economic historians. She will be returning to Italy as a professor next Fall, completing a circle that began there with her economics studies. The economics faculty wish her well in this new endeavour, but hope to have her return Boston to visit us in the years ahead.

## Conversations with...



### Sambuddha Ghosh

*In your undergraduate studies, who was the professor who impressed you the most, and why?*

Dipak Banerjee, father of Abhijeet Banerjee. He was sharper than others half his age.

*In graduate school, who had the most profound impact on the way you think as an economist?*

Professors Rao and Stein, both mathematicians, taught me a lot about the beauty of proofs. Dilip Abreu set inspiring standards of research.

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

As unromantic as it sounds, I decided on it partly by chance and partly due to parental pressure to study something "useful" after I finished school. Later, Asok Barman and Abhirup Sarkar steered me towards a Ph.D.

*A bright BU undergraduate student asks you, "What does it mean to be a theorist? What are the great questions in economic theory right now?"*

An economic theorist seeks to uncover the order underlying decision-making processes, both individual and group. Developing a tractable model of bounded rationality is the holy grail of game theory.

*What is the best thing about your country that you want us here in the United States to know about?*

The diversity of India, and its co-existence with the feeling of national unity.

*What is your favorite song? singer? and movie?*

I love all movies by Satyajit Ray, a genius in the fullest possible sense of this cliché. He wrote short stories in *Bangla* ( Bengali), songs, and music, and did much more. I'll pick *Nayak* and *Charulata* as my favourites. I love music and it's hard to pick one singer, but Jagjit Singh is among the most mellifluous voices I have heard. Songs written and composed by Rabindranath Tagore are among my favourites. *Fields of Gold* is a song I'll play repeatedly.

Sambuddha Ghosh joined the BU faculty in Fall 2008, after graduate studies at Princeton University. His first name is a veritable tongue-twister, pronounced "Shombuddho". But his parents chose well for his interest in economic theory: it means "one who has true knowledge".



### Stefania Garetto

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

My undergrad thesis advisor, Angelo Guerraggio, had a vast impact on my way of thinking rigorously about Economics. This is what probably brought me to Chicago. In graduate school, certainly Bob Lucas is the person from whom I learned the most.

*Excluding kindergarten, when and why did you decide that you wanted to study economics for the rest of your life?*

This is a tough question. Well, initially I really wanted to study math... Then almost by chance I visited Bocconi University in Milan, and I found its program in Economics and Social Sciences as the perfect combination of quantitative methods and applicability to real world problems.

*You will soon join the Department of Economics of Boston University and you will be the third Italian female economist hired in recent years. The other two are famous for being stellar teachers. Are you going to be like them?*

This is an even tougher question. I taught undergraduates at Chicago, and my reviews were fairly good, but unanimous in saying that my class was not the easiest one they took... Am I going to be like my colleagues? Hard to commit to such high standards!

*Here at BU we have one of the best and most cited scholars in International Trade and Finance. She earned her PhD from the University of Chicago as you did. And your research topics are close to hers. What does it mean for you having a successful female senior scholar in your field in the same department?*

The presence of Marianne Baxter was certainly one of the main reasons that lead me to join BU. It is going to be great to have her as a colleague and a mentor.

*Which is your favourite song? singer? and movie?*

I listen to a little bit of everything, but I don't really have a favourite "song" or singer. I love opera, and my favourite piece is the duet from Verdi's *Rigoletto* "Addio speranza ed anima". Movie-wise, I like indie movies a lot. My favourite directors are Tim Burton, Pedro Almodovar and Gabriele Salvatores, but I can't really come up with one favourite movie...

Stefania Garetto joined the BU faculty in the Fall of 2007, after completing her graduate studies at the University of Chicago. However, she spent her first year on a prestigious IES fellowship at Princeton University, pursuing her research on international trade.

# Graduate Teaching Awards

The Graduate School of Arts and Sciences has named **Emily Gee** as the Economics Department's teaching fellow of the year in recognition of her enthusiasm, hard work, talent and dedication as a teacher. In her first year as a teaching fellow, Emily has found that "the Principles course is fun because it involves introducing students to a new way of thinking about the world they already know. In my sections, I try to stress that learning to think like an economist—reasoning logically, explaining your methods, and stating your assumptions—is as important as using the right formula or drawing the correct diagram." **Rock Magleby-Lambert** received the Special DGS Prize for sustained excellence in teaching. Rock has taught "Introductory Macroeconomics" (EC 102) and "Money and Banking Institutions" (EC 341). Working on his PhD in development economics, he also taught a course on the economics of microfinance at the Institute for Financial Management and Research in Chennai during a period of field work in 2006. His teaching philosophy is to "keep it real". He asks his students to read the Wall Street Journal regularly and to prepare a short news summary relating to the course material for every class. He finds that "nothing makes economics more interesting than seeing its implications and ideas operating in the real world."



Rock Magleby-Lambert and Emily Gee

## 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 element of work as research economists. Students receiving Summer 2009 awards are: **Andrea Canidio**, **Andrew Ellis**, **Sean Horan**, **Shinsuke Ikeda**, **Hiro Ishise**, **Yin Hing Mak**, **Adam McCloskey**, **Tatsushi Oka**, **Linxia Ren**, and **Jonathan Smith**.

## PhD Placements

The Economics Department had another strong and diverse group of PhD students on the job market. We congratulate them on their new positions: **Calixte Ahokossi**, International Monetary Fund; **Rodrigo Alfaro**, Bank of Chile; **Nicola Borri**, Libera Università Internazionale Degli Studi Sociali (Rome, Italy); **Jessica Calfee Stahl**, Fed Board of Governors; **Moira Daly**, University of Copenhagen (Denmark); **Pinar Derin**, Middle East Technical University (Ankara, Turkey); **Shu Feng**, Clark University School of Management; **Gerardo Gomez Ruano**, Banco de Mexico; **Yang Lu**, Max Weber fellowship at European University Institute (Florence, Italy) and Hong Kong University of Science and Technology; **Andre Martinez**, Banco de Mexico; **Valentina Michelangeli**, Congressional Budget Office; **Michelle Miller**, Rutgers Business School; **Antonio Miralles**, Universitat Autònoma de Barcelona (Spain); **Alberto Ortiz**, Oberlin College; **Francesco Russo**, post-doctoral fellowship at Centre for Studies in Economics and Finance (University of Naples, Italy); **Jeongmeen Suh**, Korea Institute for International Economic Policy; **Ben Tomlin**, Bank of Canada; and **Yohei Yamamoto**, University of Alberta School of Business.

# Robert 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.

**Andrew Postlewaite** (University of Pennsylvania), Bob's first PhD advisee and his former collaborator, presented the 2009 lecture on April 21st: "Effecting Cooperation." The central theme of Prof. Postlewaite's talk was that standard economic models of rationality tend to require extremely complex calculations that real-world people would be unlikely to perform. As Bob Rosenthal had pointed out in his paper on the "centipede game," this sort of strict rationality would prohibit cooperation in many situations where cooperation is commonly observed. Prof. Postlewaite presented a number of plausible alternative models in which agents who change between a small number of mental states, such as contentment and anger, have the propensity to cooperate that we commonly observe.

Prior lectures have been by **Ariel Rubinstein** (Tel Aviv and New York Universities) "On the Pragmatics of Persuasion: A Game Theoretic Approach" in 2008; **Alvin E. Roth** (Harvard University) "What Have We Learned from Market Design?" in 2007; **Jean Tirole** (Institut d'Economie Industrielle, Toulouse, and MIT) "Economic Incentives, Self Motivation, and Social Pressure" in 2006; **Robert Porter** (Northwestern University) "Collusion and Auctions" in 2005; **Roy Radner** (New York University) "A Strategic Analysis of Petty Corruption" in 2004; and **Robert Wilson** (Stanford University) "Stable Equilibria" in 2003.

# Master's Program in Economics



The Masters program within the Economics Department offers a wide range of courses and has a highly diverse student body. Applications were up 17% this year and of an increasingly broad international scope. This year we are awarding 88 MA, MAEP, BA/MA and MA/MBA degrees. The rigorous training of the MA programs is much sought after by consulting and financial firms as well as government and non-profit organizations. Continuing a long tradition, some of our graduates also go on to premier doctoral programs -- Cornell, Michigan and NYU are amongst their destinations this year.

A new Masters of Arts in Global Development Economics degree program will debut this year, designed for students seeking a rigorous training in economics supplemented by the exposure to the related disciplines of politics, international relations, public health, geography and environment. The new program prepares students for careers aiding the economic development of lower and middle income countries and in transition economies, including working as policy analysts and decision-makers in government, nonprofit institutions, international organizations, and the private sector.



Funded by the Institute for Economic Development, a series of career development events during 2008-2009 provided students with job market expertise, including workshops on resume writing and job interviewing as well as a special presentation on the US visa process. Culminating the series was the 4th Annual Masters' Career Information Meeting, held on October 24th, 2008 at the Photonics Center. The panelists were **Greg Brown** BA/MA '05, Senior Consultant – StoneTurn Group; **Karen Cruz** BA/MA '07, Energy Consultant – Shaw Energy and Chemicals; **Nassim Doumani** MAEP '07, Analyst – Analysis Group; **Meghan Gorman** MA '07, Senior Research Analyst – CBRE Torto Wheaton Research; **Juliana Jackel** MA '05, Research Manager – Boston Health Economics; **Michael Kheyfets** BA/MA '05, Analyst – NERA Economic Consulting; **Sarah Lucas** BA/MA '85, MBA Admissions – Harvard Business School; **Esmeralda Stuk** BA/MA '07, Operations Research Analyst – Internal Revenue Service.

The panelists discussed job hunting experiences and highlighted how they use economics skills gained in the Masters program in their current positions. The formal presentation was followed by a stimulating question-and-answer session. Panelists and audience members then adjourned to a reception where students, alums and faculty exchanged further advice and information.

The continued generosity of our alumni is highly important to the livelihood of our MA programs. We wish to send a special thank you to all of our active alums who continue to support our students and the department. Graduates, alums and current students are encouraged to keep us updated as to your whereabouts. And please send us your contact information as it changes so we can be sure to keep you involved with all our upcoming alumni activities: contact [alumecma@bu.edu](mailto:alumecma@bu.edu).

-Bob Lucas, Acting Director of Master's Programs

## 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](mailto:econgrad@bu.edu), [econma@bu.edu](mailto:econma@bu.edu), [phdecon@bu.edu](mailto:phdecon@bu.edu), or simply go to the alumni section of the departmental website—[www.bu.edu/econ/alumni/alumni/alumniiform.htm](http://www.bu.edu/econ/alumni/alumni/alumniiform.htm)—with your latest contact information. Please ask your former classmates to do the same!

# 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 Krystal Tan and Justin Ladner.



**Krystal Tan** came from Singapore to Boston University in Fall 2006 as a major in Economics and Mathematics and enrolled in the BA/MA program in Spring 2008. She graduated from high school in Singapore in December 2005 and spent 6 months as an administrative assistant with Deloitte and Touche before coming to Boston University. She received a year's worth of

advanced credit due to the GCE 'A' Level examinations, which helped her earn bachelors and masters degrees within 3 years.

## Why did you choose to study economics?

I chose economics because I wanted a strong foundation for thinking about the world, to provide strong analytical and problem-solving skills, and to have a competitive edge in the working world. Moreover, I want to keep my options open when it comes to a career path: an economics degree will enable me to pursue careers in the banking and financial industry, the public sector, consulting, and more.

## You did an internship during Summer 2007: what was that like?

My internship was with ABN Amro Bank, where I gained hands-on experience with data collection, research, and analytical work. I spent a month with the Economics Research Department in the Global Markets Business Unit. I worked on developing a Pan-Asian Bond Index project (an index for the government bond markets of 9 Asian countries - China, South Korea, Vietnam, Thailand, Taiwan, Singapore, Malaysia, India, Hong Kong) I spent my last two weeks in the Equities Research Department, working on real property valuation. These two units gave me a lot of insight into the theoretical and practical aspects of researching investments.

## You are very involved with activities linking BU to Singapore. Would you tell us a little bit about this?

I was nominated as Secretary of the Boston University Singapore Collegiate Society (BUSCS) for 2007/2008 and Treasurer for 2008/2009 respectively. Each summer, members from the Singapore Student Associations of colleges throughout North America represent their colleges in the annual "U.S. Experiences" fair held in Singapore, with the aim of reaching out to prospective students. As a board member of the BUSCS, I participated in the annual "US Experiences" fair and helped promote Boston University to prospective students from Singapore by answering questions and distributing informational pamphlets about Boston University. Our main goal is to reach out to incoming freshman to help make their transition from Singapore to Boston smoother, and to raise the awareness level of the Boston University name in Singapore.

## What are your plans for next year?

Right after graduation, I will be spending two months traveling to various North American locations and to Europe as well. I am still unsure about the exact career path I want to take and will explore my options after returning to Singapore. I do intend to pursue the Certified Financial Analyst program and possibly a MBA degree.



**Justin Ladner** came to Boston University in the Fall of 2005 as an international relations major. His family has lived on Cape Cod for six years, but he was originally from Texas.

## Why did you choose to study economics?

While I started as an international relations major, after two weeks in Professor Huynh's honors introductory microeconomics class, I switched to a joint concentration in economics and math. I am drawn to economics because I feel that it provides a framework through which we can systematically investigate aspects of human behavior; furthermore, economic tools can be broadly applied to almost any question.

## Which economics professors influenced you most?

As I progressed through my degree, I was greatly influenced by my interactions with Professor Lucas, Professor Huynh, and Professor Margo: each have been very influential mentors. In the last year, Professor Lustig has also been an important advisor in aspects related to graduate school and my future career.

## What areas of economics interest you most?

Over the summer of 2007, I got my first taste for economics research when I worked with Professor Gourio on a financial economics research project. This experience was extremely important to me, since it highlighted my strengths and weaknesses as a researcher. As I have gone forward, thinking back to that time has helped me overcome obstacles in research and academics. In the summer of 2008, I was employed as a research assistant at the Center for Economic Studies within the United States Census Bureau, where I worked to create a usable dataset out of old computer files containing survey data from the Annual Survey of Manufacturers. This experience was important for several reasons, the most influential being that I came to better understand the nuances involved in data collection. As a result, I am able to think about empirical questions more clearly and am better able to judge the weaknesses inherent in a given dataset.

## What other activities are you involved with?

Outside of academics, I am an avid runner, and I have worked as a resident assistant in the West Campus dormitories for two years.

## What are your plans for next year?

I will be attending the University of Michigan- Ann Arbor this fall as a Ph.D. student in the Economics Department.

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