



A letter from the Chair

Dear Students, Parents, Alumni, Colleagues and Friends,

This year is my third as Department Chair. It's been an exciting and (extremely) busy year, marked by growth and change.

Faculty recruiting this year was very successful – we hired two stellar teacher-scholars at the assistant rank. **Francesco Decarolis** is a specialist in empirical industrial organization with a focus on auctions, who arrives at BU after stints at the Universities of Wisconsin and Pennsylvania. **Juan Ortner** is an economic theorist from Princeton with interests in industrial organization, political economy, and corporate finance; his dissertation solves

an important outstanding problem (the dynamic pricing strategy of a durable good monopolist whose marginal cost of production varies over time). We are also deep in the thicket of recruiting a senior scholar in macroeconomics and also in behavioral economics for the Slater Family Chair, announced last year. Stayed tuned!

The really big news is the hugely successful completion of an external review. Recently instituted by Provost **Jean Morrison**, external reviews will be conducted periodically for all departments, schools, and programs at BU. As one of the leading departments at BU and nationally, it was natural for BU Economics to be among the first reviewed. We had a splendid review committee – **Jess Benhabib**, an internationally recognized economic theorist and former dean at NYU; **David Card** from Berkeley, winner of the American Economic Association's John Bates Clark Medal; and **Anne Case** of Princeton University, one of our nation's most distinguished specialists in public economics. We came through our review with flying colors – the review committee collectively described the department as a "gem" – and also received much sage advice on how to strengthen our research and teaching programs.

BU economics graduates continue to be in demand, despite the sluggish economy. This year we placed PhD students in tenure track positions at Brown University and Purdue, along with other excellent academic institutions. Our MA program continues to grow from strength to strength under the watchful eye of **Hsueh-Ling Huynh**. A truly astonishing statistic is that 45 percent – nearly half – of BU undergraduate economics majors are international students! When you think about it, however, that's not surprising – economics knows no borders, and the reputation of our department extends across the globe.

This year is also my last as chair. A blue-ribbon committee interviewed faculty and recommended that **Barton Lipman**, the current Director of Graduate Studies and a world-wide leader in economic theory, be appointed the next chair. Bart has graciously accepted – like the ad says, we are in good hands.

Let me take this opportunity to thank **Randy Ellis** and **Albert Ma**, the associate chairs during my term; **Gloria Murray**, my administrative assistant and **Arthur Omondi**, my business manager, for their assistance during my term as chair. BU Economics would fall apart overnight if it were not Arthur, Gloria, and the rest of our hardworking and dedicated staff. I am also grateful to the CAS Dean's Office for their help and advice. Next year I will be on sabbatical re-energizing my research.

With my best wishes,

A handwritten signature in black ink, appearing to read 'Robert A. Margo'.

Robert A. Margo
Chair, Department of Economics



A Conversation with Larry Kotlikoff

What drew you into economics? Was there a particular scholar that inspired you?

I went to the University of Pennsylvania for college. I originally wanted to be a doctor, but dissecting a frog in introductory biology killed that idea. I had several outstanding faculty in economics at Penn, which turned me on to economics. The main attraction was being able to study policy issues in a clear, logical manner using both mathematics and econometrics. From my very first course, I knew this was a subject I loved. I liked the real world connection, the ability to consider ways to help society, and the rigor of the discipline.

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

I did a simulation study on Social Security's long-run impact on capital accumulation and welfare, an empirical study of the impact of Social Security on household saving decisions, and an empirical study on the degree to which those with more resources leave disproportionately more to their heirs as bequests when they die. A key finding was that a Social Security system like ours could dramatically lower the economy's long-run capital stock and leave future generations with significantly lower real wages.

You have written a number of important research papers during your career. Is there any particular paper that stands out as most significant to you personally? Can you explain what that paper does?

This is a tough question because one's work becomes one's babies in a way. I think the most important paper I've written is one that's not well known. It's a paper written in 2009 with Jerry Green of Harvard called "On The General Relativity of Fiscal Language." It formalizes something I've pointing out in a variety of articles since 1984 and in a 2002 book, called "Generational Policy," namely that measures of "taxes," "transfers," "government deficits," "disposable income," "personal saving," "private wealth," and "government wealth," are not well defined concepts from the perspective of economic theory. The insight that much of national income accounting is based on measurements that are inherently arbitrary and, therefore, economically useless, naturally lead to my attempt to develop fiscal policy measures that were, like space-time in physics, invariant to one's language/labeling conventions.

You have written many books over your career, and have a new one coming out again this year. What is it about?

The book just came out. It's called *The Clash of Generations*. It's co-authored with Scott Burns, a nationally syndicated columnist. It's about the ongoing expropriation of America's young via the fiscal system and its terribly adverse impact on the economy.

What research project are you working on now?

I'm studying the effect of unsustainable fiscal policies — how the economy behaves as the fiscal authorities take more and more resources from the young to give to the old to the point that the young have nothing left to give. This is the policy the U.S. has been conducting for the last six decades, so it's important to understand how things will play out. I'm also working on modeling Limited Purpose Banking, my proposed reform of the financial system that I developed with Christophe Chamley of our department.

Based on your years of experience in academia, is there any advice you would offer a junior scholar who is just getting started?

Learning is a great joy. Keep it that way. Don't get too uptight about your grades or your success as measured by some test. Work hard, try your best, but enjoy the experience of learning with people from all over the world. And don't worry about being "the smartest." In truth, nobody knows what smart is. But everyone knows what a smile is. Focus on being happy, not brilliant.

You are also an entrepreneur, with your own company. Can you tell us what this company does and how it came to be?

My company makes personal financial planning software. I started it based on research I was doing on saving and insurance adequacy. I decided that in addition to studying people's financial mistakes, I could use the mathematical tools I was developing with students and colleagues to recommend the right financial moves. My company's software is called ESPlanner (Economic Security Planner). It's been ranked number 1 by CNN Money and other leading publications.

You are currently involved in a campaign to become President of the United States. Why are you running for president?

At www.kotlikoff2012.org and www.thepurpleplans.org I lay out my platform for fixing the country. Our nation is in terrible short- and long-run economic shape. The two parties are catering to their extreme wings. They are deadlocked and, as a consequence, not fixing our economic problems, but instead are letting our problems get worse. I think it's time for economists to advance simple, effective solutions to our problems that would appeal to the vast majority of Americans.

You have been at Boston University for almost 30 years now. Would you say that the Economics Department has changed a lot over time? What do you see as the biggest challenges for the department going forward?

The Department was ranked 86th when I joined. Today, it's one of the top departments in the world. We need to continue to hire top economists — young, middle aged, and old and we need to do so on a routine basis at salaries that are going to attract the best and the brightest. This is where alumni support is so critical.

And finally, what do you enjoy doing when you are not working?

I like to bike, hike, travel, hang out with my 14 and 21 year-olds, read history books, write economics columns for Bloomberg and other news media, and talk economics. It's an occupational hazard when you love what you are doing so much and have so many interesting economists from all over the world to talk to on a routine basis. So not working is something I need to work at.

Conversations with...



Kehinde Ajayi

and

Stefania Garetto



Who or what got you interested in economics?

I grew up in Nairobi, Kenya and there were always a lot of organizations working on “development”. As I got older, I became more interested in understanding what exactly all these people were doing. Economists in particular seemed to be a big part of the story. I took my first economics class in high school and I really enjoyed the blend of social science and mathematical rigor. I felt I had discovered a new lens for examining the world and I was excited by the idea that I could explore a seemingly endless stream of questions about poverty, inequality, and socio-economic wellbeing.

Your dissertation was on “School Choice and the Returns to School Quality.” How did you find this topic in graduate school, and how did the dissertation come about?

I was really interested in studying inequality in access to education because my own experiences as a student had highlighted the differences in school quality available in many settings. Since 2005, the Ghanaian government has used a computerized system to admit students to high school, so each year the government collects a list of application choices for the 350,000 students applying to high school. Students take a standardized admission exam that determines where they get admitted and then take another exam at the end of high school. The data have allowed me to study a range of questions relating to student choices, admission outcomes, and academic performance.

Can you tell us what you study in your dissertation and what you find in this work?

My dissertation focuses on access to secondary education in Ghana. Admission to high school is based on merit, so I wanted to see whether there really was a level playing field – whether high-achieving students from less-privileged backgrounds get into the more selective schools. I find that in Ghana, a lot of students from low-performing schools don’t apply to the more selective schools even when they are well qualified. This seems to be due to a lack of information, rather than a strong desire not to attend more selective schools. There is a lot of room for policy-makers to address some of these frictions – for example by providing students with information and advice.

What research project are you working on right now?

I am working on projects related to my dissertation research. One project focuses on eliciting students’ beliefs about their exam performance and examines the effects of providing information about high school quality and admission requirements. Another study looks at the impact of centralizing admission to schools. Before 2005, schools in Ghana were allowed to admit students based on their own criteria. The introduction of the computerized system was supposed to increase transparency and fairness in the admissions process but it also appears to have led to greater stratification.

What do you enjoy doing in your free time?

I’m 6’3 so everyone asks if I play basketball, but no – I don’t! I am a big fan of Pilates. I also enjoy dancing, especially to live music. I have two sisters who live in Cambridge and we spend a good deal of time together.

Who or what got you interested in economics? Why did you choose to study international trade in particular?

I always had this idea of becoming a mathematician, but I was not 100% sure that I wanted to focus on something so abstract. I started studying Economics because it allowed me to use math to understand interesting, applied questions. The passion for international trade started after a short internship at UNCTAD in Geneva. Later on, when I was a PhD student at Chicago, several faculty members were becoming interested in International Trade, so it was a very exciting field to be in.

Your dissertation is titled “Input Sourcing and Multinational Production.” What does it study and find?

The main goal is to understand the channels that determine the economic benefits, or welfare gains, that arise from vertical multinational production, and to quantify these benefits. By vertical multinational production I mean the fact that firms locate plants in other countries to produce intermediate goods at lower costs. I find that the current welfare gains that arise from vertical multinational firms for the US are small (about 0.2% of consumption per capita) but that there are larger potential gains to be reaped.

Can you tell us how you found this topic in graduate school?

It happened mostly via conversations with my advisers. When I was in my third year in the PhD program I was a bit lost about what to do, so I was meeting with them just to shoot ideas around, and one day finally the idea came!

What research project are you working on right now?

I am starting a new project on the expansion strategies of multinational banks. It is uncharted territory for me because I know very little about banking, but I am trying to apply the tools of trade theory to understand a phenomenon that I interpret essentially as another type of multinational activity.

I personally think that is very interesting to understand the international aspects of economic activity in general. In addition to that, this project is generating a lot of interest because of the potential implications for banking policy.

I’ve heard that you have a new “baby” keeping you busy. Can you tell us about him?

Hahahahah!!!! Sure, I could talk about my baby for hours! His name is Vegas, and is a gorgeous 6-years old Irish Sport Horse. I bought him last year, and I am training him to start competing in show jumping and dressage starting this summer. Riding is a wonderful way of forgetting the stress of academic life: the contact with the nature and the horse is so refreshing after the long hours spent in front of the computer!

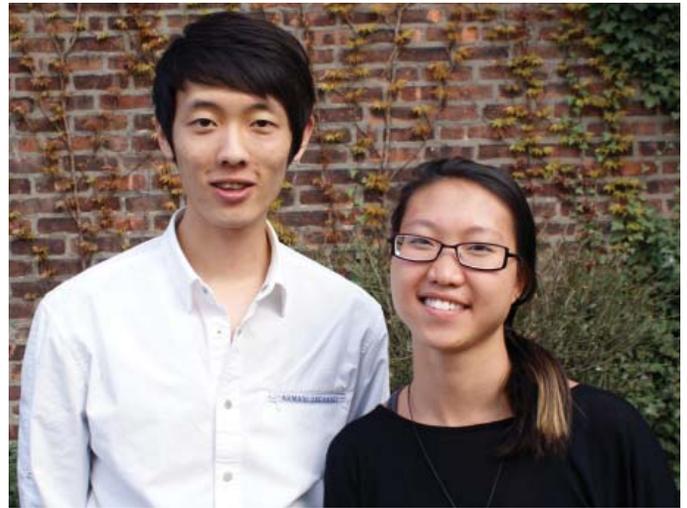
Interviews by Leena Rudanko

BU Undergraduate Economics Association

Affectionately known as the Econ Club, the UEA has been busy on a number of fronts. The supplementary website, introduced in the spring of 2011, has bloomed into a full operation for the club. The website is updated regularly with student-written articles, includes polls to gather student input, and has a number of links to resources. The bloggers are students with various writing backgrounds and interests. The website has been successful in creating student discussion, facilitating learning of a variety of topics, and has been responsible for at least one job offer to a blogger! A Facebook group and Twitter have garnered a lot of fans for the club as well.

In addition to their online presence, the club continues to uphold its traditional activities. General meetings are held every three weeks. The spring semester's discussion theme is "political-economic relationship" with a focus on the upcoming 2012 presidential election. Integrating news articles and video clips (from the funny "Colbert Report" and political debates), the club has created a friendly discussion atmosphere for those just learning about politics and economic policies to those who are more actively involved. The UEA filled all spots in its annual Boston Federal Reserve trip - that is a 400% increase from last year! Professors **Laurence Kotlikoff** and **Kevin Lang** spoke at the club's speaker events held each semester. Students who attended said the talks were inspiring and sparked curiosity in the topics of economic fixes and incentives in education.

The UEA is proud of its 2011-2012 executive board for generating greater awareness for the organization. Marketing efforts were launched on much larger scales and were more effective at targeting interested students. At every event, new students ask to be a part of the club. Meeting discussions are lively and stimulating. The club is growing at a considerable pace and it continues to set its goals higher for each semester.



The Leadership of the Undergraduate Economics Association: Kevin Zhang and Aleeza Liu.

Two key drivers of the Economics Club are **Aleeza Liu**, the President, and **Kevin Zhang**, the Vice-President. Here we explore their passion for economics and other pursuits, and their future plans.

Kevin Zhang is a senior studying Economics at Boston University. Kevin was born and raised in Beijing, China. In his free time he enjoys hiking, which is a favorite hobby. He frequently hikes with friends in the Blue Hills area near Boston. According to Kevin, "What I most enjoy about hiking is the process of being challenged to conquer the terrain, knowing that a beautiful landscape at the top of the hillside remains as a refreshing reward."

After graduating this spring, Kevin plans to continue his studies at Boston University, working towards a Masters of Art and Science in Economics Policy. After finishing the program he hopes to work in consulting in the U.S. Kevin has a strong interest in joint ventures and cross-country corporate development. These interests are partly due to his diverse background and partly due to his keen interest in helping facilitate moves towards globalization and efficient production between diversely talented economic powers. This year Kevin co-founded a non-profit organization mainly focusing on solving information asymmetry issues that arise in business and economic development between Chinese and American entities. According to Kevin, "My past three years of economic studies have been fundamental as a tool in my approach to understanding both business and everyday life which I feel share common threads that are all successfully identifiable under the economist's microscope."

Being a part of the Economics Club has been a great experience, made even more so by the collaboration with faculty: "Looking back at my past economics studies, I want to thank many faculty members in Economics department. Professor **Idson** gave me many suggestions and supportive advice during my term of vice president in the BU Undergraduate Economics Association. Professor **Todd Idson** was a constant source of encouragement and provided indispensable guidance and support for the club's mission."

Aleeza Liu was born and raised in Syracuse of Upstate New York. Having been a science and engineer-oriented person for the majority of her life, she was pretty sure she was going to follow that path in college. Her first encounter with economics was the AP course in her senior year of high school. All those years of interest in science and engineering were suddenly reversed.

Economic courses have taught Aleeza to not be intimidated by highly intricate systems -- even something as large and complex as the global economy has patterns and logical reactions. What was once never thought of (the market, opportunity costs, incentives) is now something that she cannot stop thinking about. Fortunately, as President of the Undergraduate Economics Association, Aleeza has had ample opportunity to discuss economics beyond the classroom over the past year.

After graduation, Aleeza will begin a three-year rotation program at The Hartford Financial Services Group. Although the job is officially for information systems majors (which she has no experience with whatsoever), she was able to convince her employers that economic students are quick to learn and look forward to any challenges.

A sampling of our undergraduates

Economics requires students to think rigorously and systematically, thereby enabling them to master and apply new knowledge necessary for our rapidly changing world. We attract a diverse and talented group of students who not only excel in their studies, but also focus their energies to contribute to the broader university and the communities that they belong to throughout the world. In this and the following pages, we highlight just a few of these outstanding young men and women.

Nick Holden

Nick is an aspiring communications strategist who uses the solid economics foundation he developed at Boston University to inform his work in a variety of professional settings. He graduates with a B.A. in economics and a B.S. in communications through BU's Dual Degree Program.



Nick Holden took advantage of BU's Dual Degree Program to study both Economics and Communications.

During summer 2010, Nick had an internship at the Federal Reserve Bank of Boston, where he contributed original content to the employee newsletter and intranet, researched publications of interest, and tracked relevant business news for the central bank's officers. Inspired by the Boston Fed's dedication to public service – especially with underserved communities – Nick pursued non-profit and philanthropic work throughout his college career, including internships at MIT and the Nellie Mae Education Foundation.

Nick's coursework in BU's Department of Economics provided him with a quantitative, analytical approach to his work. Microeconomic classes like Game Theory, Economics of Information, and Behavioral Economics helped him realize the direct implications of economic theory on education, poverty, and discrimination. He applies his economic mindset to his work as a communicator daily.

In addition to studying economics, Nick was actively involved in other high-energy pursuits — racing for the BU club ski racing team for four years. He also served as an official voice of the United States Collegiate Ski & Snowboard Association, announcing two national championships live from Sunday River, Maine and Sun Valley, Idaho. In 2009, he was a winner of WTBU's "Talk Show of the Year" award for his enlightening radio interviews of nationally recognized economists, journalists and political activists. He begins his full time position as communications and alumni coordinator for MIT's Office of Engineering Outreach Programs in late May.

Nelson Hernandez

Nelson Hernandez was born in Venezuela and moved to New Hampshire before starting high school. He enrolled in Boston University as an undeclared major but quickly learned that he loved to study economics, international issues, and Chinese language and culture. He decided to study economics because it was something that he was good at, something that he had a strong interest in, and because he felt that it was "something of significance in the world." He studied Chinese because he likes the challenge of learning a new and difficult language and because he fell in love with the Chinese language, history, and culture. He took the opportunity to study China and its language intensively by studying abroad in Shanghai, China, where he also interned at the U.S. Foreign Commercial Service.

While at BU, Nelson joined the Boston University Kendo Association and the Danielsen Hall Residence Association where he participated in different aspects of student government. He also worked for the Boston University School of Law, and interned at the Massachusetts State Senate.

Nelson hopes to have the opportunity to work in a career that will challenge him intellectually and put his analytical skills to use. He is

contemplating attending law school in the future, but in the meantime plans to gain some more experience outside of college. One thing he would love to do regardless of his career is to work overseas and meet people from all over the world.

Mary Grinman

After coming to the US at the age of two, with her entire family in tow (including all four grandparents), Mary lived briefly in Allston before relocating to Brookline, Massachusetts. She graduated Brookline High School with an aptitude for math, but a love for philosophy and religion.

Mary also always knew that she would go Boston University for college: it was where her father worked, it was where she went to summer camp, and it was even where she learned to speak English (at the BU Children's Center). Mary arrived as a freshman prepared to be a philosophy major. She was also admitted into the College of Arts and Sciences Honors Program, which required her to take at least one Honors class each semester. On a whim, she chose to enroll in EC111, which was the Honors version of Introductory Microeconomic Analysis with Professor **Bruce Watson**. After that first class, she became just as passionate about Economics as she was about Philosophy, and decided to add Economics as her second major. "Over the past four years, studying Economics has provided me with a new way of analyzing human choices, as well as an outlet for my mathematical aptitude."

One of Mary's favorite classes in Economics has been EC333, Seminar on Market Organization and Public Policy with Professor **Marc Rysman**. Mary has always had a keen interest in the law, and EC333 gave her a glimpse of one way to incorporate Economics in a legal setting. Mary also greatly appreciated taking EC323, Behavioral Economics with Professor **Jawwad Noor**, both for the mathematical approach that Professor Noor applied, and for the fact that she learned a great deal about a very new field from him.

At BU, Mary had the chance to participate in several extracurricular activities and internships. She has been an active member Sigma Kappa Sorority, Delta Chapter where eventually she put her economics training to use as the Vice President of Finance. Mary has also been a member of the Undergraduate Philosophy Association and has participated in a Jewish Learning program called MEOR. Mary was fortunate to obtain an internship at Perry, Krumsiek & Jack, where she worked as a legal intern in her sophomore year, and, in the summer after that, began working as a Junior Analyst for Merrill Lynch's Global Wealth Management Technology team. Next year, Mary will be continuing her education at Columbia Law School.



Nelson Hernandez and Mary Grinman both decided to study Economics after taking courses during their first year.

A sampling of...

Economics and business

Many of our undergraduates pursue joint degrees, for both career purposes, and for pure intellectual stimulation. We focus next on a group of three undergraduates who have found economics to be the perfect complement to business studies.

Stanley Likver

Stanley is the son of two Ukrainian immigrants, and is “fortunate enough to have been born and raised in one of the most diverse and historically rich cities in the world—Brooklyn, New York.” From a young age, Stanley’s entrepreneurial spirit and draw toward business has fostered a thirst for learning about financial markets and global economies. At Boston University he took advantage of the Dual Degree Program by majoring in Economics at CAS and Finance at SMG. “This fantastic opportunity was hard to pass up, as the two disciplines complement each other and have proven to be a great value. After taking several interesting economics courses, such as Labor Economics and currently Game Theory, I view life through a different lens.”

After graduation Stanley will be starting a position at HSBC in Sales and Trading in New York City. Stanley is extremely excited for this job and is certain that his Boston University education along with “the invaluable experiences [he] had at this school coupled with the diverse set of people [he] met” has thoroughly prepared him for the challenges ahead.

When reflecting upon his experiences at the University, one stands out among them all—a summer abroad in London. “The cultural immersion and the weekend travels to such places as Croatia and Budapest made for an unforgettable summer,” he said. “The internship with a major international bank was rewarding and educational. The London Internship Program was by far the most worthwhile thing I did at Boston University.”

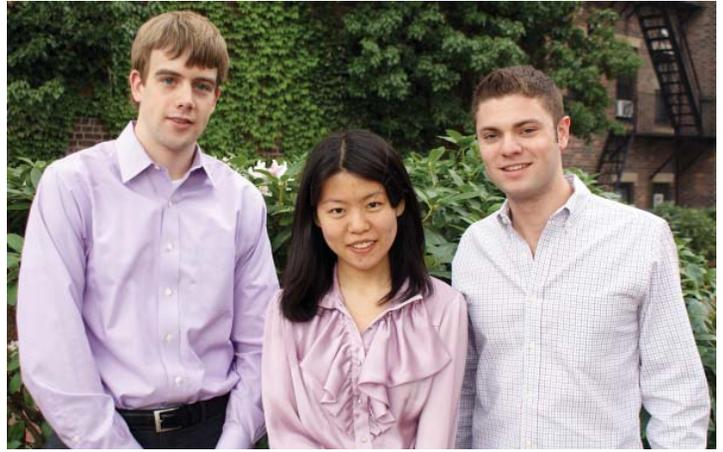
Michael D. Sullivan

Michael arrived at Boston University as an undeclared major and unsure of his course of study. After freshman year he decided to transfer into the School of Management to study accounting, and, as a business major, was required to take introductory micro and macroeconomics. It took only one week of EC101 for Michael to know that he wanted to be an Economics major, and thus apply to the BUCOP dual degree program.

Economics has been a great complement to Michael’s business and accounting classes. “Applying the analytical and problem solving skills has afforded me an opportunity to approach business case studies with greater knowledge and insight. My most memorable economics class was international finance, which focused on exchange rate determination theories reinforced by several engaging case studies. Taking the course during the Greek financial crisis provided opportunities to apply course concepts to current events, and for vigorous discussion of the implications for the Euro Zone.”

For the past two years Michael has been a Resident Assistant on Upper Bay State road where he met many diverse and passionate coworkers and residents. He is grateful for the opportunity to give back to the Boston University community.

Following graduation Michael will start his career at PwC as a Tax Associate. He said “I’m excited about this opportunity and feel well prepared for this challenge. BU has played a significant role in my growth and developments over the last 4 years for which I am grateful — Thank you, Boston University!”



Michael Sullivan, Ke (Cathy) Hu, and Stanley Likver complemented their Economics majors with business studies in BU’s School of Management.

Ke Hu

Cathy is a senior in the Boston University Dual Degree Program majoring in economics & mathematics in the College of Arts and Sciences, and accounting in the School of Management. A native of China, Cathy came to Boston four years ago as an economics major. “As I explored the different curricula Boston University offered, I found that mathematics, and especially statistics, play important roles in economics studies. Increasing my knowledge in math not only helped my studies of economics, it also provided a solid foundation for other fields.” Additionally, Cathy wished to develop a strong foundation for public speaking. Given language and cultural barriers, she found it particularly useful to develop public speaking and teamwork skills through her classes at the School of Management where a majority of classes involve teamwork and class participation. Cathy’s motivation to develop the skills needed to be a successful candidate upon entering the work force prompted her to also study business administration.

“When I look back of my experience at Boston University,” she said, “I found it both interesting and rewarding. I came here with no knowledge of what an American college looks like or what field I wished to study, but here I am, ready to join an accounting firm in Boston as an audit associate. My economics major definitely provides me with an advantage in my job search. Companies are looking for people who have very good team work and communication skills but also have analytical and problem solving abilities.” However, Cathy believes that learning economics is not only about finding a job. It also provides a new way to think in terms of tradeoffs, and comparing costs versus benefits, and that such ways of thinking can be highly beneficial in many aspects of life.

Besides studying economics, Cathy is also involved in a number of organizations on campus, including serving as a Career Peer Advisor at the Feld Career Center of School of Management, a peer tutor at Lock Honorary Service Society & Educational Resource Center, and a volunteer at the Community Service Center in her freshman and sophomore year. In her free time, Cathy loves to run, swim, watch movies with friends, and travel to new places.

...our undergraduates

Economics and International Relations

Another group of three accomplished undergraduates have channeled their intellectual energy into the study of economics and international relations, allowing them to enhance their interests in language, culture and institutions with the analytics of economics.

Kara Alhadeff

Kara has long been engaged in community service projects and social justice advocacy groups. Over the last four years at Boston University, she discovered how to direct such innate passions through academics. More specifically, she focused her studies towards the economics of the underprivileged and lesser-developed countries.

Kara chose to double major in economics and international relations because these subjects apply to lives of ordinary people. Professor **Robert Margo's** class, *The Economics of Race and Development in the US* focuses on the economic history of slavery and the evolution of racial economic differences. Kara quickly became aware of how deeply rooted and perpetual poverty is in a country that values equal opportunity. In addition, her international relations major provided a more global perspective on the interdependency of countries, especially developing countries.

Apart from academics, Kara has been able to channel her interests towards exciting and enriching experiences. Last summer Kara cycled across the country with a non-profit organization called Bike&Build, raising awareness for affordable housing and participating in building projects across the US. During her semester abroad in Madrid, Kara worked alongside African immigrants to facilitate integration, find employment and develop community projects to foment a stronger immigrant network. After college Kara will be a City Year Corps Member, which is a program of AmeriCorps, to mentor students of low-income communities and inspire them to stay in school.

Cristina Bleicher

After growing up in a small town in the New Jersey Pine Barrens, Cristina was drawn to BU because "the opportunities it offered were as diverse as the city of Boston." Cristina is proud to have taken full advantage of all that the university has to offer. As varied as her majors – Economics, International Relations, and Hispanic Language & Literatures – may seem, each one has been crucial to explore her passion for Latin American Development Economics. According to Cristina, "while studying Economics has given me knowledge of the theories and models that I will need to carry with me throughout my career, International Relations and Hispanic Language & Literatures have provided me with a deeper understanding of the political, historical, and sociocultural context surrounding the region. My semester abroad in Ecuador helped me tie everything together by allowing me to directly enroll in the Universidad San Francisco de Quito and take courses such as Socio-economic Development of Ecuador."

When not in class, Cristina could usually be found interning with the Massachusetts Division of Banks, tutoring English with the Intergenerational Literacy Project, or graciously indulging in the Howard Thurman Center's tea selection. After graduation, Cristina plans to begin her career here in Boston in order to gain experience before pursuing a graduate degree in Development Economics. As a longer-term goal, Cristina aspires to work in Latin America with an organization that promotes the region's development.



Kara Alhadeff, Nicholas Anderson, and Cristina Bleicher pursued dual degrees in Economics and International Relations.

Nicholas Anderson

Upon arriving in Boston, Nicholas was immediately taken with the intellectual environment and has taken full advantage of all that it has to offer: "There are few cities in the world that match Boston's exceptional academic community. Boston University has some of the most well respected scholars in their respective fields, and has been an integral part of the excellent academic tradition that defines a part of Boston culture. I came to Boston well aware of the high standard of academia, and will be walking at graduation with four degrees – Economics, International Relations, Political Science, and Spanish."

Nicholas quickly realized that he had a strong interest in government and politics, which led him to the study of International Relations and Political Science. "As I continued my study of politics, naturally economics was always on the periphery. As much as our understanding and knowledge of this field has advanced in recent decades, there are still debates raging on among economists about which policies are the best for certain economic and political contexts. It is just this debate that makes the field exciting and constantly evolving as new ideas are constantly proposed while old ones are challenged."

Nicholas feels that his education has a strong practical side, giving him the tools to take his acquired skills and apply them in the real world. "We are taught to question and think about the world in ways we ordinarily would not, allowing us to learn, adapt, and penetrate any task put to us. I am glad that after four years I can say that I took advantage of every opportunity BU gave me – including studying abroad in Spain and experiencing a great culture firsthand." Nicholas's next stop will be New York City, where he will be attending New York University for a Masters in International Affairs. "I hope that in two years I can look back at my time at NYU and say the same thing about my experiences in this new and exciting place as I can now do for Boston University."

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. Donors wishing to learn more should contact Steve Kean (skean@bu.edu) or the Department Chair, Robert Margo (margora@bu.edu) and starting July 2012, Barton Lipman (blipman@bu.edu).

Information on donating to the department can be found at <http://www.bu.edu/econ/department/donations/>.

We appreciate your support.

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 Shawn Musgrave, Ryan Ruikka, and Andrea Dacka.

Shawn Musgrave

A Trustee Scholar as well as a recipient of the 2011 Harold C. Case Scholarship, Shawn Musgrave is originally from Tucson, Arizona. During his time at BU, Shawn has focused his academic studies on the topics of poverty, development and social justice. These interests led him to pursue an interdisciplinary major in Global Development through the College of Arts and Sciences' Independent Concentration program. His interest in policy development and human rights also led him to study abroad in Geneva, where he studied international law and interned with a non-governmental organization. Shawn is completing his Work for Distinction thesis toward his Global Development concentration, on the subject of human rights activism and its impact on domestic social welfare policy.

Within economics, Shawn's interest in development has led him to a focus on microfinance and other financial development strategies that aid the poor. Much of this work has been conducted through independent research — a semester of independent study and a summer project with BU Professor **Dilip Mookherjee** funded through UROP. One of the papers Shawn completed during the course of this research was recently published in Northeastern University's ECONPress undergraduate journal of economics.

While development economics has been the focus of Shawn's academic attention, Shawn has also been very involved in BU campus life beyond academics. Shawn has performed with the BU improv comedy troupe Liquid Fun since his freshmen year, including a stint as president of that group in his senior year. These experiences led to his being cast in ImprovBoston's Face Off mainstage in June 2011. Since his sophomore year, Shawn has been a resident assistant at Myles Standish Hall and the French House. Shawn has also been a contributor and photographer for the campus magazine The BU Quad and for the alternative weekly newspaper Dig Boston.

Ryan Ruikka

Although born in Toledo, Ryan spent his formative years in Chelsea, Michigan where as a third-grader, he learned to first love hockey, and then eventually play the game. By the time Ryan was a senior, he was captain of the varsity hockey team. He was also an excellent student with a strong math background, and had come to set his sights on playing division one hockey at a university with strong academic credentials. Recognizing that he wasn't quite ready for college hockey, Ryan played two years of junior hockey, first on the Lincoln Stars out of Lincoln Nebraska, then the Des Moines Buccaneers of Des Moines, IA, and in his second year, with the Jersey Hitmen of the Eastern Junior Hockey League. That year, Ryan's team won the regular season and playoff championships and he was actively recruited by division one programs. Ryan eventually chose Boston University because of its academic reputation and its excellence in hockey.

As a student in CAS, the decision to pursue a combined major in economics and mathematics struck Ryan as a good way to put his mathematical skills to use. Ryan's work ethic, honed in the hockey leagues, also proved invaluable as a student, prompting him to enroll in the BA/MA program where he found himself surrounded by fellow-students eager to push themselves and each other academically. According to



This year's recipients of the College Prize for Excellence: (From left) **Andrea Dacka, Shawn Musgrave and Ryan Ruikka.**

Ryan, "the only way to be the best in your field is to surround yourself with those who will push you to be your best. This why I came to BU for hockey. I wanted to play, train, and learn from some of the best hockey players in the country".

The BU hockey program has given Ryan great memories, strong bonds of friendship, and leadership skills that he expects will last a lifetime. Ryan will graduate with a Master of Arts in Economics and Bachelor of Arts in Mathematics, and will return next year to study financial economics in the Administrative Studies Program in the Metropolitan College while having another year to grow as a hockey player. Ryan also expects to continue his active involvement in Athletes in Action and Athletes Intersvarsity which, over the past four years, have provided an ideal nurturing ground for his faith, and a way to recognize the importance of friends and family in his continued success both on and off the ice. In addition to being active in sports ministry, Ryan has spent the last two summers conducting research that seeks to model the economic impact of agricultural policy changes. Although Ryan hopes to push his hockey career as far as it will go, he also recognizes that his academic training gives him a great fall back option to pursue his interests in agricultural economics, this time in the private sector.

Andrea Dacka

Despite her Chicago-roots, Andrea Dacka chose to attend Boston University due to its urban location, friendly atmosphere, and prestigious academics. She discovered the intellectual appeal of her chosen major while taking an economics course in high school; declaring economics as her college major was an obvious and natural next step. Andrea has enjoyed her decision immensely. She praises BU's challenging but informative classes. Her favorite courses have been those focused on public finance, poverty and discrimination, and international trade and development. To broaden her understanding of how such issues relate to the world around her, Andrea also declared a second major in sociology, achieving what she considers to be a perfect academic balance of theory and practice.

Andrea has also been fortunate enough to complement her education with several internships, including her most recent position at the Federal Reserve Bank of Boston. Andrea believes that her academic studies combined with her internships have provided an ideal training as she makes plans to move to New York City to pursue her career opportunities. Andrea plans to return to school eventually and earn her Master's Degree in Public Policy. She is very thankful to all of her undergraduate economics' professors for providing such valuable knowledge which she views as a "quasi-public" good. According to Andrea, "Economics is the method by which we prepare today to afford the improvements of tomorrow"

Teaching Awards



Myongjin Kim and Amrit Amirapu were recognized for excellence in teaching.

The first award is for the best Teaching Fellow of the year. It is meant to recognize excellence and dedication and is awarded by the Graduate School of Arts and Sciences upon a nomination by the Department. The recipient is honored at a special reception given by the Graduate School. This year's winner is **Amrit Amirapu**. In nominating Amrit, the Department is happy to recognize his excellent work, enthusiasm and dedication in carrying out his teaching duties.

The other prize is the "Special DGS prize for sustained excellence in teaching services." The \$500 award is meant to recognize long-term excellence in a variety of teaching services including TF, instructor in CAS courses (summer and regular academic year), and MET instructor. It is sponsored by the Department and the DGS and need not be given every year. This year, I am happy to give the award to **Myongjin Kim** for her excellent teaching performance in CAS courses and other assignments.

This year's winner of the Neu Family Award for Teaching Excellence in Economics is **Mark Rysman**. For years Marc has taught one of the most popular (and practical) of undergraduate classes, Economics 333, "Market Organization and Public Policy". Students rave about the depth of Marc's knowledge of the subject matter and his dedication to his students. This year's winner of the Gitner Prize for Excellence in Undergraduate Teaching is **Todd Idson**. Director of undergraduate studies in BU Economics, Professor Idson has worked steadfastly to improve the quality of the undergraduate program, and he routinely earns among the best evaluations in undergraduate courses. Congratulations to Mark and Todd!

PhD Program News

Nine PhD graduates found excellent placements around the world in China, Europe, and the United States: **Timothy Bond** (Purdue University), **Hyo-Youn Chu** (Korean Research Institute), **Paul Karner** (Analysis Group), **Adam McCloskey** (Brown University), **Francesco Pino** (ECARES Belgium), **Guillem Rimbau** (National University of Singapore-Yale), **Denis Tkachenko** (National University of Singapore), **Chun Wing Tse** (Central University of Finance and Economics, Beijing, China), **Jordi Vidal-Robert** (University of Warwick, England).

The BU PhD program continues its Summer Research Awards that evaluate research proposals through an internal competition. These awards enable students to focus on research early in their careers. The award process has the additional benefit of helping students learn to produce research proposals during graduate school, preparing for this important element of work as research economists. Students receiving Summer 2012 awards are: **Brittany Baumann**, **TszKin Julian Chan**, **Hyungseok Joo**, **Giulia La Mattina**, **Anusha Nath**, **Elisabeth Perlman**, **Eyno Rots**, **Kazuta Sakamoto**, **Wei Yu**, **Guihai Zhao**, and **Fan Zhuo**.

College Fed Challenge 2011



*Boston University's Fall 2011 Fed Challenge Team, pictured here accepting a certificate from a representative of the Boston Federal Reserve, included (from left) **Guy Aridor** (CAS '14), **Kyle Peabody** (CAS '14), **Sandeep Chandrasekhar** (CAS, COM '13), **Alina Tanbayeva** (CAS '12), **Allison Cole** (CAS '13), and **Medha Uppala** (CAS '12). Professor **Todd Idson** (not pictured) acted as the faculty advisor.*

Imagine yourself in the shoes of Ben Bernanke, or any of the nine other members of the Federal Open Market Committee (FOMC). The Fed Challenge competition requires participating teams to recreate the FOMC meeting experience and present a monetary policy recommendation or decision. The fifteen-minute presentation is followed by a Q&A session run by a panel of judges comprised of both academic and applied economists. This competition is sponsored by the Federal Reserve System to promote better understanding of the US macro economy, and the role and goals of the Federal Reserve System in setting monetary policy. Teams representing colleges and universities participate in the first round hosted at their respective regional Federal Reserve Banks. Regional winners move on to the final round held in Washington D.C.

This year, the team decided to present in the traditional FOMC meeting format, with each of the five presenters assuming the role of a current FOMC member. The team began to work on policy research over the summer and met for weekly meetings from early fall to discuss underlying economic fundamentals, track changes in current economic indicators, and keep abreast of topics related to the conduct of macroeconomic policy as well as revisions to the monetary policy stance of the FOMC. The weekly meetings also consisted of a one-on-one with the faculty advisor, Professor Idson, who tracked progress, and provided training for the Q&A session.

In the first round, the team competed against five other colleges and placed second to Bentley University by a small margin. The team scored the highest on teamwork and knowledge of the Fed and current issues. Since most of the members are returning next fall, the team hopes to further improve its presentation skills, while continuing to keep up its excellent teamwork.

The Master's Program in Today's World

Highlight from the GDE program

The **MA degree in Global Development Economics** was launched in Fall 2009. In a short span of three years both enrollment and expectations have grown considerably. One student currently enrolled in the GDE program is **Charles Norman Hall**, who holds a **Thomas R. Pickering Graduate Foreign Affairs Fellowship**. Each year a small number of graduate fellows are selected by the Woodrow Wilson Foundation and the U.S. Department of State. While several fellows are studying in the Boston area, Charles is the only one at Boston University from his cohort. He is the first Pickering Fellow to come to the Economics Department.

Charles Hall earned his Bachelor of Arts in History from the University of South Carolina in 2008, having first majored in chemical engineering. After graduation he served in the Peace Corp in Tanzania and learned to speak Kiswahili. Before winning the Pickering Fellowship in 2011 he had served two internships at the Foreign Service Institute in Arlington, VA and worked there as a program assistant in the European and African Languages Division.



An interview with Charles Hall

Can you tell us a little more about the Pickering Fellowship? How are the fellows selected? How does the fellowship pertain to careers in the Foreign Service?

The Pickering Fellowship provides funding for a two-year full-time master's degree in a field related to international affairs. During graduate school, the program also provides two summer internships with the Department of State. My first internship will be with the Bureau of African Affairs in Washington, DC. For my overseas internship I hope to serve in the US embassy in China or Tanzania.

Competition for the Pickering Fellowship is a two-part process. After online applications are reviewed, finalists are invited to participate in a written exercise and a panel interview conducted in Washington, DC. Based on the results and available funding a number of fellows are selected. There are 20 graduate fellows in my cohort. After earning their master's degrees the fellows are expected to serve in the Foreign Service for at least three years. Fellows must be U.S. citizens, have at least a 3.2 GPA, and be able to meet the entry requirements for the Foreign Service. These requirements include the ability to obtain a top secret security clearance, a medical clearance, and successfully pass the Foreign Service written and oral examinations. It is a wonderful program for anybody who is interested in pursuing a career in the Foreign Service. In return, the Department of State gets professional men and women who are well trained and well equipped to achieve its missions. (For more information, go to http://www.woodrow.org/higher-education/fellowships/foreign_affairs/pickering_grad/index.php.)

We understand that all the Pickering Graduate Fellows have incredible credentials. What was your own path to the fellowship?

While I was a Peace Corps volunteer in Tanzania I saw firsthand what a big impact America has on people's lives around the globe, and it was on my swearing-in day that I decided to join the Foreign Service. As the Deputy Chief of Mission for Tanzania regaled us with stories as a diplomat, I said to myself, "That's it, I want his job!" I worked on a variety of projects in Tanzania, but one I particularly cherish. In the village where I was assigned, soil erosion was a serious problem. Having grown up on a farm in South Carolina I knew how to build terraces to check erosion. I demonstrated to my neighbor how this can be done to increase crop yields for his farm. He was jumping with excitement after he discovered that his terraces worked; it was an unforgettable sight. Now he teaches others what he has learned.

After returning to the United States I began to look into opportunities with the Department of State. I secured internships at the Foreign Service Institute (FSI) in Washington, DC, which gave me a glimpse of the inner workings of the Foreign Service. After becoming a finalist but not securing the Pickering Fellowship in 2010, I decided to work for an additional year and reapply, even though that meant turning down admission to several prestigious master's programs. Again I went through the whole process and arrived as a finalist. In spring 2011 I was excited to learn that I became a member of the 15th cohort of Pickering Graduate Fellows and was also admitted to the MA GDE program at Boston University.

Why were you attracted to the GDE program? Is economics a common specialty among Pickering Fellows? How may economics impact your future career in the Foreign Service?

After the twofold experience of studying engineering and history as an undergraduate, I wanted to pursue a graduate degree that combines analytical rigor with humanistic concerns. Economics is an excellent fit. While international relations and political science are the most obvious specialties, Pickering Fellows are also encouraged to consider other degrees. But economics remains quite an uncommon choice. I believe the skills provided by the MA GDE will be very valuable in the Foreign Service. While economic knowledge can be used directly in the daily work of an Economic Foreign Service Officer (FSO), the analytical acumen developed through economics training will be useful in a much wider range of capacities. In a single degree program, the MA GDE bridges and combines my many interests: economics, public policy, and development issues to which I was exposed when I worked in Tanzania. Its international focus is also well suited to my future career. I am very happy with my choice.

How would you describe the experience of your first year in the MA GDE program? What do you look forward to the most in your second year?

I struggled a little in my first semester. The program is very rigorous, my math skills were rusty, and it took some adjusting to transition back to life as a full time student. Happily I managed to finish on a strong note and it prepared me mentally for the second semester, which is going very well. In the second year I look forward to working with my GDE and GDP colleagues on the Capstone project. I am also excited about taking Chinese classes, which will probably be very useful in my career as a FSO. (Note: GDP refers to the MA in Global Development Policy, a companion master's program at Boston University launched in 2009.)

International Student Placements

The rigorous training provided by the Master's program has made our graduates highly desirable and very competitive in the workplace. Demand for well-qualified economists continues to rise in the US, but international students have experienced a considerable disadvantage, as employers are often reluctant to sponsor visas that would enable them to work in this country. Recently **Alice Wang** (MAEP 2011) was hired by Ericsson to work at their corporate headquarters at Plano, Texas; **Nuo Yang** (MAEP 2012) by Starcom MediaVest Group in Chicago; and **Lily Li** (MA 2012) by the Federal Reserve Bank of St. Louis. While other alumni in the past had also obtained attractive positions with employer-sponsored visas, these latest successes indicate that our graduates are breaking new grounds and old barriers in today's job market.



*Of her experiences with the Master's Program, **Nuo Yang**, pictured here at the MA Career Information Meeting with alumnus **John Affleck**, said, "When I was a student in the master's program, I always looked forward to meetings with the MA alumni. The Excel tips I learned from the workshop taught by alumni have contributed directly to my job prospects, and I am still consulting my EC508 (econometrics) notes for my work today."*



***John Affleck** (right) and **Charles Tao** (left) shared their professional experience with career-seeking MA students on April 18, 2012. The Excel Training Session was initiated by John Affleck last year. The alumni leaders have been most generous with their time and ideas.*

Here are some reflections on their own experience and their advice to master's students:

*"Today's job market for new graduates is highly competitive, and it is important to identify a target area of specialization when you are planning your career. The MAEP program gave me a solid training in economics, especially in quantitative analysis, and also allowed me to take MBA courses in finance. This combination of strengths helped me stand out as a job candidate. Last but not least, one needs to have courage and a positive attitude." - **Alice Wang***

*"Work hard and be brave, don't be afraid to ask for what you want. The RA-Mentor Program for Master's students gave me the opportunity to gain some working experience in the US, which is extremely valuable for an international student. As a research assistant, I was always trying to exceed the expectations of my faculty mentor. Her recommendation not only helped to get me my position today, it also won me the special confidence of my supervisor, who trusts me with important work assignments even though I am a brand new employee here." - **Lily Li***

MA Alumni at the DC Reunion



***Elijah Marentette** (BA/MA '93, Coventry Health Care) and **Charles Tao** (MA '08, OptumInsight) confer about the state of the health care industry at the DC Reunion.*



***Faina Rozental** (BA/MA '11, Organization of Economic Co-operation and Development) reconnects with former professors **Robert E.B. Lucas** and **John R. Harris**.*



***Anne Klieve** (BA/MA '08, US Dept. of Labor), **Cristina Jaramillo** (BA/MA '10, The Brattle Group), **Esmeralda Stuk** (BA/MA '07, Internal Revenue Service, former Presidential Management Fellow), and **Ben Ullman** (BA/MA '08, Federal Energy Regulatory Commission) are happy to see each other again at the Economics Graduate Alumni Reunion in Washington, DC on April 20, 2012.*

MA Career Information Meeting



The seventh **MA Career Information Meeting** was held on October 14, 2011 at the Photonics Center. **John Affleck** (MA '00, International Economist at Property & Portfolio Research) moderated the panel. The other successful young alumni on the panel were (from left) **Gautham Iyer** (MA '05, MBA student at MIT Sloan School of Management; Bain & Company), **Ted Davis** (MA '05, Manager at Analysis Group), **Greg Weitzner** (BA/MA '12, Investment Banking Analyst at Barclays), **Kristina Kelly** (BA/MA '08, Senior Energy Analyst at KEMA), **Darren M. Lowe** (MA '10, Analyst at Nyes Ledge Capital Management, LLC), **Charles Tao** (MA '08, Research Analyst at OptumInsight), and **Jessica R. Sincavage** (MA '03, Chief at U.S. Bureau of Labor Statistics (BLS) Division of International Technical Cooperation). Other panelists (*not pictured*) included **Brian Herr** (BA '99, Portfolio Manager at Candlewood Structured Credit Hedge Fund) and **Cristina Jaramillo** (BA/MA '10, Research Analyst at The Brattle Group).



Professor **Kevin Lang** and alumna **Cristina Jaramillo** reconnect at the reception following the panel discussion.



Virginia Nasika (MA '12) and **Aarushi Aggarwal** (MA '12) look forward to a bright future at the Career Info Meeting reception.

International Summit for Careers in Economics

In its career development efforts, the Master's Program continued to collaborate with the economics master's programs at Columbia, Duke, Johns Hopkins, and NYU. The five master's programs, in conjunction with National Association for Business Economics (NABE), hosted the third International Summit for Careers in Economics in Washington, D.C. on October 21, 2011.

Close to 60 BU students attended the event. The career fair drew 20 employers from diverse sectors of the economy: Acumen, LLC; American Express; American Institute of Economic Research; American International Group (AIG); The Capital Group Companies; The Conference Board; Congressional Budget Office (CBO); Deloitte; Ernst & Young; Federal Deposit Insurance Corporation (FDIC); Freddie Mac; The Heritage Foundation; IHS Global Insight; Internal Revenue Service (IRS); Macroeconomic Advisers, LLC; Maxpoint Interactive; Moody's Analytics; OECD; U.S. Bureau of Economic Analysis; and U.S. Census Bureau.

If you are interested in having your company represented at this event, please contact Courtney Sullivan at csull@bu.edu.

We Need Your Help: An Appeal for MA Prizes

BU Economics is seeking funds to endow one or more prizes to recognize outstanding academic achievement by our MA students. Such prizes will be especially meaningful if they come through the generosity and goodwill of MA alumni and their families. If you would like to donate to the MA Prize Fund or support other worthwhile activities in the MA Program (such as the RA-Mentor program), please contact the Department Chair, Robert Margo (margora@bu.edu) and starting July 2012 Barton Lipman (blipman@bu.edu) or the Director of MA Program, Hsueh-Ling Huynh (hlhuynh@bu.edu).

Department of Economics Donors

The Department of Economics expresses its gratitude to the following individuals and institutions who donated to the department (April 2011 through March 2012):

Salaam S. Al-Shakysy, Peter B. Doeringer, Patricia M. Flynn, E.B. Gendel, Brian T. Herr, Elaine Hill, Jeff Kopelman, Michelle Kopelman, Jennifer Knust, Vera G. Kurlantzick, Theodore B. Kolb, Stephanie B. Liakos, Hong Nguyen, Robert C. Seamans, Sanchari S. Senthil, Rizki Siregar, Jon D. Silverman, Kenneth Z. Slater, Richard J. Slater, Samuel Slater, Jacqueline Slater, Takayuki Takinami, Crystan Min Bin Ban Tan, Sylvia H. Wee, Ronald M. Weiner, Janet M. Wilkinson, Nuo Yang, Wells Fargo Bank.

Editorial Boards

The academic stature of our faculty is illustrated by the large number serving on editorial boards of top journals, including a number that serve as principal editors or co-editors.

Marianne Baxter (Journal of Monetary Economics), **Peter Doeringer** (World Development and MassBenchmarks), **Randy Ellis** (Journal of Health Economics), **Larry Epstein** (Journal of Economic Theory; Journal of Risk and Uncertainty; International Journal of Economic Theory), **Ivan Fernandez-Val** (Journal of Econometric Methods) **Simon Gilchrist** (American Economic Journal: Macroeconomics; Review of Economics and Statistics), **Jacob Glazer** (The Journal of Health Economics), **Francois Gourio** (Journal of Monetary Economics), **Todd Idson** (Journal of Sports Economics), **Robert King** (Journal of Monetary Economics), **Kevin Lang** (Labor Economics), **Bart Lipman** (Econometrica; Games and Economic Behavior; Theoretical Economics), **Albert Ma** (Rand Journal of Economics; Pacific Economic Review), **Bob Margo** (Quarterly Journal of Economics; American Economic Journal: Applied Economics; and Explorations in Economic History), **Dilip Mookherjee** (Journal of Development Economics, RAND Journal of Economics; and the BE Press Theoretical Economics), **Andrew Newman** (Berkeley Electronic Press Journals in Theoretical Economics; Journal of Development Economics), **Claudia Olivetti** (Macroeconomic Dynamics; Labour Economics), **Daniele Paserman** (Journal of the European Economic Association; Labour Economics), **Pierre Perron** (Econometric Journal; Journal of Time Series Econometrics; Revista de Econometria, Economia Applicada; Actualite Economique), **Marc Rysman** (International Journal of Industrial Organization; RAND Journal of Economics; Journal of Economics and Management Strategy), **Ingo Vogelsang** (Journal of Regulatory Economics; International Economics and Economic Policy; Review of Network Economics and the German language journal *Netzwirtschaften & Recht*; Information Economics and Policy).

Alumni Networking on the Web

Graduates of the Master's and PhD program are encouraged to visit ww.bu.edu/econ/alumni for information about future alumni events. This page also includes links to the MA Alumni LinkedIn network and Facebook group, photo galleries of previous alumni events, and utilities to update contact information or submit an alumni note.

Graduate Alumni Reunion Washington, DC



World Bank (**Jaime Jaramillo-Vallejo**, PhD '82) greets the International Monetary Fund (**Jay Surti**, PhD '03).



Professor **Dilip Mookherjee** (right) and **Nobuo Yoshida** (MA '01, World Bank) pause for the camera in the middle of a deep discussion about global economic development.



Angelino Viceisza (MA '04, International Food Policy Research Institute) poses with fellow alum **Valentina Michelangeli** (PhD '09, Congressional Budget Office).



A Conversation with Randy Ellis

Who or what drew you into economics?

My father was an economist, so I grew up thinking about the world from an economist's perspective. I excelled in sciences in high school, and everyone thought I would become a doctor or scientist, so I rebelled in college and never took any science classes. This love of sciences easily switched to economics, and also probably explains why I became a health economist where my science background is still useful.

You got your PhD at MIT, writing a thesis in industrial organization. Why did you choose IO in graduate school, and what did your dissertation study?

Finding a thesis topic was hard. I enjoyed public finance, econometrics and even economic history. The deciding factor was that professors Dick Schmalensee (IO) and Martin Zimmerman (energy economics) hired me to be their research assistant in my second year. Marty even let me be a coauthor on a paper on nuclear power economics that ultimately appeared in the *Review of Economics and Statistics*. In the 1970s energy economics was a hot area, as was the debate over nuclear power, so my thesis studied electric utility pricing and investment decisions. The thesis came up with empirically-based formulas to determine how much nuclear power to build and how to price it.

Your research interests have since then gravitated away from IO and toward health economics instead. What caused this change of interests?

Like many assistant professors, I floundered around working on too many different papers my first two years as a professor. Fortunately my BU colleague Tom McGuire, now at Harvard Medical School, enticed me into health economics, which had terrific data and questions. He not only helped me obtain funding that enabled me to reduce my teaching burden, but also coauthored and reliably commented on my work. My research productivity really took off once I moved into the health area.

You have written a number of important research papers during your career. Is there any particular paper that stands out as most significant to you personally? Can you explain what that paper does?

The "Ellis and McGuire model" is my biggest claim to fame. In our 1986 paper in the *Journal of Health Economics* we came up with a simple model in which health care providers care not only about income but also about benefits to their patients. The key point of the paper is that instead of preferring either corner solutions of paying fees for every service, or paying a completely bundled payment, it is better to use a "mixed payment" system, which is partially fee and partially bundled payment. Remarkably, health care systems around the world are still trying to figure out exactly how to do this.

What research project are you working on now?

I am continuing to estimate models that use risk adjustment in the pricing of health care. These models use measures of health status (age, gender and diagnoses) to predict individual health care costs, or how many visits to the doctor or hospital people will make. I am particularly excited about my work on using risk adjustment for primary care payment, which I am hoping will have an impact on how we deliver health care in the US.

You are currently president of the American Society of Health Economists. What kind of duties does this position imply?

I think I became president of this 800-member association not because I am the best known or most prolific health economist, but because I am known as someone willing to work hard to get things done. My role requires arranging financial support, coordinating the planning of our biennial conference, separating off from the International Association of Health Economists who founded our Society, and trying to move the association forward in its mission of promoting health economics.

I've heard that you are also an entrepreneur, with your own company. Can you tell us what this company does and how it came to be?

From 1987 to 1996, most of my funded research was on the area of risk adjustment, particularly for the US Medicare program that covers the elderly and disabled. There was a problem with overpaying health plans for the average cost of their enrollees, and in collaboration with Arlene Ash in the BU School of Medicine, and others, we developed a model that the Medicare program was poised to adopt. But for a fancy academic regression model to be actually used, it needed a staff to support it. We set up a company DxCG in 1996 largely to promote the "Diagnostic Cost Group" risk adjustment models. Medicare did ultimately adopt two of our models, and we sold our company in 2004.

You recently spent a sabbatical year away from BU. Can you tell us where you spent the year, and any interesting experiences along the way?

I returned to Sydney, Australia with my wife and daughter, age 14, after having previously visited there in 2004 for sabbatical. Sabbaticals are the reason to love being a professor: the time away from the usual academic pressures and deadlines promotes open-minded thinking and new collaboration. Compared to my first two sabbaticals in Kenya and India, Sydney is pure luxury, a beautiful city with great people, food and culture.

You have been at Boston University for 30 years now. Would you say that the Economics Department has changed a lot over time?

Yes, huge changes. When I arrived at BU in 1981 it was known for its strength in development economics, but we were not strong in many other fields - theory, IO, macro, or econometrics - and publication in top journals was not a particular focus. Since then we have had an extraordinary improvements in the quality of our faculty, the quality of our students, and, as a result, a vast improvement in our reputation.

What do you enjoy doing in your free time?

Gardening, reading, travel, playing tennis, and eating good food with family and friends.



Carola
Frydman

Conversations with...

and



Alisdair
McKay

Who or what got you interested in economics?

In my home country, Argentina, you select the field before starting college, and then you take classes almost exclusively in that field. I liked most subjects in high school, so committing to one area before learning more was hard. I chose economics because it allowed me to combine my interest in social sciences with a rigorous mathematical framework. Ex-post it was completely the right decision for me—I found economics a very intuitive way to think about the world.

You recently moved to BU from the Finance Department at MIT Sloan. How do the two departments compare?

Both places are intellectually very stimulating, but being in an Economics Department is really different from being in a Business School. With MBA students, teaching is focused on concepts that are useful for specific decisions commonly faced in the workplace. Instead, economics is a very powerful framework that can be applied to a wide variety of problems. At BU, I try to challenge economic history students to apply economic thinking to topics ranging from female labor force participation decisions to understanding the causes of financial crises. I find it much more interesting and entertaining.

You have some very well-known work in the intersection of corporate finance and economic history, studying patterns in CEO compensation. Can you tell us about it?

Compensation of American CEOs has increased dramatically since the 1980s. I wondered if the rise in CEO pay was specific to this period, or whether it was the continuation of a longer trend. To answer this question, I collected information on CEO pay all the way back to the 1930s. My data revealed that, despite rapid firm growth, executive pay was stagnant from the mid-1940s to the mid-1970s, at much lower levels than what we see today. This goes against a common explanation that executive compensation increased because firms grew significantly since the 1980s and larger paychecks were required to attract scarce managerial talent.

What research project are you working on right now?

I am studying the evolution of American firms from 1900 to 1930, and the role of financial intermediation in this process. These were decades of enormous economic growth and the formation of big businesses, even though financial markets were not completely developed. How did firms finance their growth? Also, did ties with financial firms play a role? For example, bankers would often sit on the board of industrial firms and railroads. With the help of many undergraduates, I am constructing a new dataset on the financial characteristics of firms that will help me answer these questions.

What do you enjoy doing in your spare time?

Cooking, hiking, going on photographic trips, and shopping for antiques in little old towns—one of the wonderful perks of being in New England!

Did you always want to study macroeconomics, or was this interest sparked during your time at Princeton?

As a college student I was very interested in unemployment and the fluctuations in the unemployment rate for different skill groups. I actually wrote a thesis on this under the direction of Todd Idson who is also here at BU now. My interest in macroeconomics was shaped by these experiences and from working at the Federal Reserve Bank of New York after I graduated from college. By the time I got to Princeton, I was quite sure I was going to specialize in macro.

Your dissertation was titled “Household Saving Behavior and Social Security Privatization.” How did you come upon this topic in graduate school?

Economists have had difficulty explaining why there is so much inequality in wealth. Most models of wealth inequality assume that all individuals earn the same rate of return on their savings, which is not really the case. It occurred to me that there was a natural connection between the size of one’s portfolio and the amount of effort one would be willing to undertake to secure a high rate of return. As a result, there is a feedback effect from wealth to higher returns to more wealth. The original focus of the research project was to explore these effects and later I realized that these issues were relevant to the debate on social security privatization.

What research project are you working on right now?

I am working with Ricardo Reis on a project to analyze what effect automatic stabilization policies like unemployment insurance and progressive taxation have on altering business cycle fluctuations. These policies have consequences for the distribution of resources across individuals in the economy. For instance, unemployment benefits raise the incomes of unemployed households and take resources away from the people who are funding those government expenditures through taxes or government borrowing. These policies also have effects on incentives through progressive taxation. So my research examines how these redistribution and incentive effects alter economic fluctuations.

I hear you play hockey in your spare time. Why hockey?

I grew up here in Massachusetts where it is common for kids to play hockey. Initially, my parents were reluctant to allow me to play because they thought it was too violent. With the recent concern over concussions and head injuries, they may have had a decent point!

Interviews by Leena Rudanko

Rosenthal Memorial Lecture



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

The 2012 Rosenthal Memorial Lecture was given by Professor **Raquel Fernandez** of New York University on the topic of "Women's Rights and Economic Development." Women's rights and economic development are highly correlated. Today, the discrepancy between the legal rights of women and men is much larger in developing compared to developed countries. Historically, even in countries that are now rich, women had few rights before economic development took off. In industrialized economies women went from being the property of their husbands and/or their fathers, with very few legal rights, to possessing most of the economic rights, and ultimately, the same political rights as men. Why did this process occur? In an engaging lecture Professor Fernandez argued that, over time through the process of capital accumulation

and declining fertility, economic development altered the balance of male interests regarding women's rights. The mechanism emphasized by Professor Fernandez has to do with the conflicting interests of men as husbands vs. fathers of girls, as well as boys. That is, although men in general benefited from a patriarchal society in which women, particularly their wives, enjoyed few economic and political rights, they also suffered from a system that afforded few rights to their daughters. As fertility dropped and capital accumulated the benefits of allowing their daughters to have property rights outweighed the cost of empowering their own wives. This eventually led men to relinquish power and grant women greater economic rights. Professor Fernandez also offered an empirical examination of the model's prediction by looking at mid-19th century/early 20th-century United States. In 19th century US, married women did not have ownership and control of property (including their own person) and earnings. Beginning in the 1840s, US states and territories reformed the laws governing married women's property rights. As it is still the case, states differed widely in the timing of the law change. Massachusetts was the first state to reform the law in 1846. By 1920 all but four out of 48 states had granted these rights. Professor Fernandez showed that, as predicted by her model, states with higher survival fertility (that is, a higher number of children surviving to age 5) reformed later. This fascinating topic is at the forefront of the current international policy debate on the role of women's empowerment for economic development. Professor Fernandez's lecture showed the power of looking to the present through the lenses of the past. The lecture was captivating; all the attendees greatly enjoyed it.

The outstanding lecture series has been supported by the members of the Rosenthal family. Thanks to the generosity of faculty and friends, Chairman **Robert Margo** reports that "the Economics department is well on our way to our goal of endowing this lecture."

Prior lecturers have been **Eric Maskin** (Institute for Advanced Study) in 2011 on "Elections and Strategic Voting: Condorcet and Borda.", **Douglas Gale** (New York University) in 2010 on "Decision Making Under Uncertainty: Nonstandard preferences and/or Bounded Rationality?"; **Andrew Postelwaite** (University of Pennsylvania) on "Effecting Cooperation" in 2009; **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.

Videos of the 2006-2012 lectures can be viewed at <http://www.bu.edu/econ/seminars-workshops/special/rosenthal/>.

Congratulations...

to our Graduating Seniors, Master's and Doctoral Student

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

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

We wish to send a special thank you to all of our active alums who continue to support our students and the department. Graduates, alumni, and current students are encouraged to keep us updated of their whereabouts. Please send us your contact information as it changes so we can be sure to keep you involved with all our upcoming alumni activities. Use the web form on the alumni section of the departmental website, or email us at alumecma@bu.edu or alumecdr@bu.edu.

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