

NORTHWESTERN UNIVERSITY
Department of Economics

Chair's Annual Update

Date: October, 2007

To: Graduate Alumni and Alumnae

From: Chuck Manski, Chair

Rob Porter completed his three-year term as department chair in the summer and I have assumed the role. I can't say that I have ever longed to be chair. Indeed, until now I avoided it over the course of thirty-four years in academia. However, if one must take on the burden of being chair, I think that it is more rewarding to do so in our department than in most other academic settings. One important reason is the extraordinarily high degree of good citizenship and mutual respect among our faculty and students. Another is the strong support of the department that has been provided by the university and alumni.

Speaking of support by alumni, I am most pleased to announce the inauguration of the Susan Bies Fund. The Bies Fund is a new endowment in support of our department, based on a donation from Susan Bies, who received her Ph.D. here in 1972. The department secured this endowment a few years ago and this is the first year in which income from the fund is available for our use. Our plan is to use funds to support activities relevant to analysis of economic policy, both macro and micro. This use will provide something new and healthy to our department, and is consistent with Ms. Bies' service to economic policy through her membership on the Board of Governors of the Federal Reserve System. For the next three years, the income from the endowment will be allocated as follows: (1.) Each year on we will award a Susan Bies prize for the best third-year Ph.D. student research papers on topics relevant to analysis of economic policy. The prize will be a research discretionary fund in the amount of \$1,000. We will award two of these prizes per year. (2) Each year we will have a special departmental lecture on economic policy, given by a distinguished external speaker. We will alternate between macro and micro-oriented lectures. I am happy to report that we already have lined up a speaker for this year. This will be John Taylor, Professor of Economics at Stanford and formerly Under Secretary of the U. S. Treasury for International Affairs. (3) The department chair will be able to allocate a small amount of funding to assistant professors to support policy-relevant research. I am deeply thankful to Ms. Bies for making these initiatives possible.

In addition to my becoming chair there are other administrative transitions in the department. Elie Tamer has succeeded Chris Taber as Director of Graduate Studies. Jeff Ely has succeeded Elie Tamer as chair of junior recruiting. Igal Hendel continues as Director of Admissions and succeeded in bringing in a new crop of twenty-eight bright and eager entering students this fall. At the other end of the Ph.D. experience, Aviv Nevo continues as Placement Director. Whereas we had an

unusually small group of ten or so students on the market last year, we expect to have a much larger group of perhaps twenty-five students on the market this year.

The university administration is in the process of considerable transition. Larry Dumas, who had been provost for many years, retired this summer as a consequence of health problems. Dan Linzer, who had been the Dean of WCAS for the past five years, has now become provost. The university has initiated a search for a new Dean of WCAS. This year Aldon Morris, who had been Associate Dean for Faculty, is serving as Interim Dean.

This fall we welcomed four new members to the faculty. As Assistant Professor, we hired Ron Siegel and Sergio Urzúa. Ron, who received his PhD from Stanford, works in theory and IO. Sergio, with a PhD from the University of Chicago, works in labor and applied econometrics. We also hired two new members of the lecturer faculty. Jannet Chang, who works in political economy and public economics, obtained her PhD from the University of Illinois at Champaign-Urbana, and has previously taught at California State University at Fullerton. Richard Walker, a macroeconomist with a PhD from the London School of Economics, has taught at LSE and Oxford University.

Two additional new faculty members will join us at a later date. Matthias Doepke, an Associate Professor, will arrive in the spring quarter. He is a macroeconomist who we succeeded in hiring away from UCLA. Former Northwestern undergraduate Lori Beaman will join us as an Assistant Professor in January 2009. She received her PhD from Yale University, and her research is in development and labor economics. For the next year she will be researching on health economics at the UC Berkeley.

Three members of the faculty have received promotions. Congratulations to Wojciech Olszewski on his promotion to Associate Professor with tenure, and to Eric Schulz and Mark Witte on their promotion to Distinguished Senior Lecturer.

This summer two longtime faculty members retired. Bob Coen is a Northwestern PhD and has been a faculty member since 1971. Stan Reiter has been a faculty member since 1967. Both have been important pillars of our community for many years. Both will remain in the area and retain offices in the building, so we hope that they will continue to contribute to the department and the university.

We also said goodbye to two other senior faculty members this summer. Rosa Matzkin, who has long had to travel extensively for family reasons, her husband being in the Argentine diplomatic corps, has finally sought some stability by moving to Los Angeles, where her husband now is the Argentine Consul. She has joined the faculty at UCLA and we will miss her sorely. We will also miss Chris Taber very much, who has been here since he began as an Assistant Professor more than ten years ago. Chris is now at the University of Wisconsin-Madison.

Other departures in the junior ranks include Raquel Bernal, Luoja Hu, Andrew Sweeting, and Alex Monge. Raquel now has a joint appointment in her native Colombia and at Arizona State University. Luoja has moved to the Federal Reserve Bank of Chicago. Andrew has moved to Duke University,

where his wife also is a faculty member. Alex is moving to Pennsylvania State University. Finally, Rasim Özcan, who had been a Lecturer, has taken a job in consulting in Washington DC.

The Department is pleased to have with us this fall Professor Lars Hansen of University of Chicago as the recipient of the Erwin Plein Nemmers Prize in Economics. The biannual honor is bestowed on an outstanding economist who has yet to win the Nobel Prize. Lars is the seventh winner of the prize. Previous winners are Peter Diamond, Tom Sargent, Bob Aumann, Dan McFadden, Ed Prescott, and Ariel Rubinstein.

The Nemmers lecture by Lars Hansen was held on October 25, 2007, and was followed by a two-day conference on topics in macroeconomics, which featured papers by Northwestern's Martin Eichenbaum and Ravi Jagannathan, and Narayana Kocherlakota (Minnesota), Monika Piazzesi (University of Chicago), Thomas Sargent (New York University), Christopher Sims (Princeton University), and Amir Yaron (University of Pennsylvania).

Whereas the department is honoring Lars with the Nemmers Prize, several of our community have received their own honors. Congratulations to Dale Mortensen on receiving the Society of Labor Economists' Jacob Mincer Award, which is a "career achievement award for lifetime contributions to the field of labor economics." Wojciech Olszewski received an NSF Early Career Development Award. Igal Hendel and Aviv Nevo were co-winners of the 2007 Compass Prize awarded by Competition Policy Associates to the best papers dealing with competition policy. The award was for their article in *Econometrica*, "Measuring the Implications of Sales and Consumer Inventory Behavior."

Finally, each year, we award a fellowship in honor of our late colleague Robert Eisner. This fellowship is partly supported by contributions made to the fund that many of our alumni contribute to. This fellowship is awarded annually to a graduate student who has distinguished him or herself in both teaching and research. For 2007-08, the fellowship has been awarded to Emiliano Pagnotta, a fourth year PhD student.