Northwestern University - Department of Economics

Graduate Connection

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News

Happy Holidays!

The faculty and staff extend their best wishes for a happy holiday season. The University will be officially closed on Wednesday December 24, Thursday 25, Wednesday 31 and Thursday January 1. In addition the Economics Department staff offices will be closed on Friday December 26, and Friday January 2. The winter quarter commences on Monday, January 5.

New Faculty

Lori Beaman joins the faculty on January 1. She was recruited two years ago, but has held a research fellowship at the University of California, Berkeley for the past 15 months. Lori was a Northwestern undergraduate who obtained her PhD at Yale University. Her research interests are in development economics and labor economics. She will be in room 3239 (1-5394).

Distinguished Teaching Assistants

The Distinguished Teaching Assistant Awards for 2007-08 were presented at the start-of-year buffet on October 6. The winners of a certificate and a year's subscription to *Econometrica* were **Muhammad Bhuiyan**, **Michel Janna Gandur**, **Tim Lin**, **Brandy Lipton**, **Siddarth Madhav**, **Riccardo Masolo**, **Ralf Meisenzahl.** (all re-awards), **Andrea Ajello**, **Brian Anderson**, **Aldo Heffner**, **Toan Phan**, **Ariel Shwayder**, and **Mitchell Wisniewski**. Congratulations to the winners. These awards are given to the top third of our TAs, based on student and faculty evaluations. These awards have been listed prominently on the vita of our students on the job market, and act as a strong signal to potential employers of your teaching capabilities. This is especially true for students from countries where English is not the first language.

Robert Eisner Memorial Fellowship

Also, at the start of year buffet, a fellowship in honor of our late colleague Robert Eisner was presented to **Paul Grieco**. This fellowship is awarded annually to a graduate student who has distinguished him- or herself in *both* teaching and research.

Visitors

We have two macroeconomics visitors in the winter quarter. **Guido Lorenzoni** from MIT will be with us for the entire quarter, and **Narayana Kocherlakota** from the University of Minnesota will be visiting from February 16 -27.

Events

AEA Annual Meeting

The annual meetings of the American Economics Association will be held in San Francisco on Friday to Sunday, January 3-5. Because of the timing, it is possible that the first meeting of winter quarter for some graduate classes may be canceled. Please check with the instructor.

Martin L. King, Jr. Day

On Monday, January 19, all classes are canceled in observance of Dr. Martin Luther King Jr. Day. There will be no

undergraduate or graduate classes. It is also inappropriate to hold discussion sections or office hours.

While classes are canceled, the university will <u>not</u> be closed for the day. Departmental and other university administrative offices will be open. There will be numerous events held on campus to celebrate the life and legacy of Dr. King.

Teaching

This Quarter's Course Descriptions

The Department has a policy to avoid the problem of excessive awarding of incomplete grades. Please see our web site for a complete statement. Report any problems to the Director of Graduate Studies.

Economics 412-1
Economic Theory and Methods
Professor Olszewski
MW 1:30-3:30   AAH 3204

The course will comprise some introduction to game theory (at the level of *Game Theory*, by Drew Fudenberg and Jean Tirole, MIT Press, 1991) and more advanced material, with emphasis on the recent frontier of research in economic theory. Some topics will be selected jointly with the students. The recommended ones include: games with cheap talk (strategic information transmission, experts, and information cascades); repeated games under various monitoring assumptions; game theoretic models of reputations; and high order beliefs implications for game theory and mechanism design. Evaluation will be based on several problem sets and a final exam

Economics 414-1
Economics of Information
Professor Wolinsky
MW 9-11   AAH 3245

The course will survey some of the central topics in the economics of information. The main topics are search,

formal descriptions of information and knowledge in single and multiple agent situations, the principal-agent problem with adverse selection, games of incomplete information, implementation / mechanism design and reputation. The course will present both more foundational models and ideas, and more applied ones.

Economics 416-1
Advanced Macroeconomics
Professor Weiderholt
TTh 6-8pm   AAH 3245

Business cycle theories based on imperfect information have recently re-gained popularity. This course will initially cover different approaches to modeling information frictions. It will then cover business cycle models with information frictions and the implications of these models for policy. Finally, it will investigate how models with information frictions can help explain empirical findings in other areas of macroeconomics, e.g., consumption, investment, macro finance, international finance, and growth. The reading material will consist of published articles and working papers. Evaluation will be based on several problem sets and a take-home final exam.

Economics 420-2
European Economic History
Professor Mokyr
TTh 9-11   AAH 3204

This year, the course will be devoted to an economic analysis of some fundamental issues in the economic history of Europe in the twentieth century (defined for this purpose as 1890-1989). The topics will be wide-ranging and cover the most important aspects of the Economic Development of the European Continent in this period. Among the topics to be covered are long-term growth, technological change, and structural change, the decline and rebirth of economic cooperation and integration, macroeconomic fluctuations and the Great Depression, the economic roots of demographic change, and the economic

roots of the rise of the Welfare State. Students will be expected to make class presentations on the readings and write a research paper (due within a year) dealing with any aspect of the economic history of Europe in this period.

Economics 425-1
Theory of Economic Development
Professor Doepke
TTh 1:30-3:30   AAH 3204

This is the first quarter of the two-quarter sequence on macroeconomic growth and development. The first part of the course introduces standard models and analytical tools used in growth theory, with a special emphasis on models of human-capital accumulation. The second part of the course will focus on recent research on long-run growth. Topics include models of industrialization and demographic change; political-economy models of economic development; institutional change and endogenous property rights; and models of cultural change and development.

Evaluation is by problem sets, class presentations, and a final exam. Readings will include selected chapters from Daron Acemoglu's *Introduction to Modern Economic Growth* (Princeton U.P., 2009) as well as various research articles.

Economics 440-2
Economics of the Labor Market
Professor Mortensen
MW 9-11   AAH 3204

The purpose of the course is to integrate recent developments in the theory and empirical literatures on wage and employment determination and to use the results to study the effects of labor market policies on both. Models of labor turnover, job flows, unemployment duration and incidence, unemployment, job creation and destruction, and wage and productivity dispersion are developed and studied. These models are all set within the context of a general search and matching labor market equilibrium framework. Empirical content will emphasize studies based on

longitudinal worker spell and flow data and matched worker-employer data. Although the course is the second one in the graduate labor economics sequence, it is designed for students of macroeconomics as well. The course grade is determined by class participation and a research paper.

Economics 450-2
Industrial Organization and Prices
Professor Nevo
MW 11-1   AAH 3245

An introduction to empirical analysis in industrial organization. Potential topics include: price and quantity competition; price discrimination; entry, growth and turnover; product selection; advertising; cartels and collusion; auction markets; innovation and R&D. The emphasis will be on the specification, estimation and testing of game theoretic models, and especially on recent developments in the field. Economics 450-1 is a prerequisite. Evaluation will be by several problem sets and a final exam. There will be selected readings, many in a course packet.

Economics 481-2
Econometrics
Professor Canay
TTh 9-11   AAH 3245

This course is divided in four parts: (1) *Basic tools*: local asymptotic comparisons, large deviations, empirical processes, and more; (2) *Uniformity*: uniform inference with sub-sampling and the bootstrap in non-regular models (i.e., moment inequalities, parameter on the boundary, pre-testing and so on); (3) *Empirical Likelihood*: introduction to EL, higher order properties, behavior under misspecification, moment inequalities and more; and (4) *Quantile Regression*: extreme quantiles, endogeneity, misspecification and more.
Evaluation is by problem sets, weekly reports and a topic presentation. The book *Asymptotic Statistics* by A.W. van der Vaart (Cambridge U.P., 2000) includes many of the topics of part I. Selected

readings are provided for the other topics.

MECS 460-2
Foundations of Management Economics
Professor Atakan
Time and room TBA

This course provides a rigorous introduction to the tools, techniques and concepts of game theory. The first two weeks cover cooperative game theory. The remainder of the course is devoted to mainstream non-cooperative game theory: extensive and normal form representations of games, dominance and rationalizability; Nash equilibrium; correlated equilibrium; persistence; tremble-based refinements in the normal form; backward induction; sequential equilibrium and extensive form-perfect equilibrium; belief-based refinements and forward induction; stability; repeated games and folk theorems; cheap talk and renegotiation; and purification of mixed strategies

MECS 516
Topics in Formal Political Theory
Professor Harstad
W 9-12   LEV 561

First Class: January 14. *Political Agents and Institutions*. This course takes a contract-theoretical approach to politics, political agents and political institutions. It studies various political agents as players in a game, and we will view alternative political institutions as rules of the game. Topics include: (i) politicians as agents, (ii) interest groups, (iii) bureaucrats, (iv) local v central governments, (v) international institutions and (vi) reforms (democratization and privatization). The class is based on various book chapters and recent articles. Grades are based on problem sets/exam and a presentation.
<u>Note</u>: This class *complements* MECS 466, without *building* directly on it, so MECS 466 is not a pre-requisite.

OPNS 481
Stochastic Processes

Professor Bassamboo
Time and room TBA

No description received.

Finance 487
Dynamic Asset Pricing Theory
Professor Skiadas
Th 4-6   AAH 4214

This course covers the basic arbitrage and equilibrium models of asset pricing in dynamic settings. Topics include the implications of no arbitrage for derivative security pricing and term-structure models, optimal portfolio selection, equilibrium models of asset pricing and the representative agent. The necessary mathematical tools are introduced, including the Ito calculus and stochastic control.

Finance 488
The Econometrics of Financial Markets
Professor Jagannathan
F 9-12:30   AAH 4214

The course covers the following topics in the empirical financial markets literature and related econometric methods: review of some financial market facts; distributional characteristics of stock prices; review of GMM; ARCH/GARCH and related models; conditional and unconditional linear beta pricing models; yield curve models; market microstructure; initial public offerings and seasoned equity offerings. Course grade will be based on homeworks (one per week, do be done individually), and a referee report on an empirical finance paper published in a major finance or economics journal.

Formal Announcements

Funding Guidelines

The Department has formal rules for the allocation of funding for students in years two through six. This document is posted on our web site. Please read this document

as *the Department strictly enforces these funding criteria.*

Preliminary Examinations

The Department has rules on the number of times that students are allowed to take prelim examinations, and the conditions for such retaking. These affect whether some second and third year students will be allowed to continue in the program. The rules are posted on our web site. Please make sure that you are familiar with them.

Dates for future prelim examinations have been set. The ordering of the three examinations will rotate each year. For the coming year, the dates are:

Spring 2009 Sitting
Wed June 17　　Econometrics
Wed June 24　　Microeconomics
Wed July 1　　　Macroeconomics
All examinations will be held 1PM - 4PM.

Fall 2009 Sitting
Tues Sept 1　　Econometrics
Wed Sept 2　　Microeconomics
Thur Sept 3　　Macroeconomics
All examinations will be held 1PM - 4PM.
Note that these dates are *before* Labor Day.

TA Periods in Residence

Each quarter that you are a TA, you are expected to be in Evanston on weekdays from the first day of classes until the Monday after examinations end (which is the day that grades are filed). Absences during this period requires permission of the instructor. In the past people have left early and arrived back late, in some cases without informing the instructor. The Department will not tolerate this. You must arrange your vacation airline flights so as to be able to fulfill your duties. This is especially true as you make travel arrangements for the coming holiday season. Failure to do so will be grounds for rescinding your TAship. For the coming year the dates for which you should be in attendance are:
Fall:　　Until Mon Dec 15
Winter:　Mon Jan 5 - Mon March 23
Spring:　Mon March 30 - Mon June 15

Funding Opportunities

Teaching Opportunities 2008-09

Application forms for teaching as an instructor in the evening program (School of Continuing Studies) and in the regular WCAS day school will be circulated on February 1. Students will be appointed on the basis of excellent performance as a lecturer or as a TA.

NU Dissertation Year Fellowships

The new system of University Dissertation Year Fellowships (DYF) took effect this year, and all students are eligible. Consequently, the old system of a competition for DYFs has been abandoned. The Department has taken the pedagogical decision that these fellowships should occur in the spring quarter of the year prior to going on the job market, and the fall and winter quarters of the job market year. To qualify for the spring quarter fellowship, students should ask their advisor to file the *Spring Certification of Intent to Enter the Job Market* (Form GS5) with the Graduate Secretary between February 1 and February 15. This form is available from the PhD.>Current Students section of our web site.

NU Summer Fellowships

Summer Fellowships will again be available to students in years two through four (first year students will have been notified about summer funding in their offer letter). As was the case last year, an signed acceptance form and contract will have to be submitted. This will occur in May. More details will be given in the next *Graduate Connection*.

Funding for Research-Related Travel and Expenses

The Graduate School has available funds to pay for research expenses and for travel to conferences. The maximum one-time research grant is $3,000, and there is funding for one conference a year that covers up to a maximum of $700. Full details of the application procedures and links to application forms are on the funding web page.

Federal Aid Forms

If you are a U.S. citizen or a U.S. permanent resident you need to renew your FAFSA (Free Application for Federal Student Aid) application. You can complete the forms on-line at www.fafsa.ed.gov after January 1 and before June 30. The Graduate School recommends that you file by March 1. It is often useful to have completed and filed your 2008 income tax form (1040) before you complete the FAFSA.

Notes

Personal copy accounts

Graduate students can obtain a personal account on our copy machines. You will be billed at the end of each month at 6¢ a copy. To obtain an account please send an e-mail to the Associate Chair <ipsavage@northwestern.edu> with your name and a 5-digit number to be used as your personal access code (the number must not start with a 0). Please note that any requests received will not be activated until Winter Quarter.

Next Graduate Connection

Volume 14, number 3 will be published in the week of March 9.