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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 Friday December 24, Monday 27, Thursday 30 and Friday 31. The winter quarter commences on Monday, January 3.

Mercedes Thomas

Mercedes Thomas is the winner of the WCAS Community Excellence Award for 2010. This award is very well deserved, and recognizes the wonderful job that she does in taking care of our graduate students.

In addition, **Sarah Muir Ferrer**, who works with both the MMSS program and CSIO won the Dean's Excellence Award:

Nobel Prize

Congratulations to **Dale Mortensen** on winning the 2010 Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel. The prize will be awarded on December 10, but he will be making his acceptance speech on Wednesday, December 8 in Stockholm at about 2pm local time (7am CST). It should be webcast live at nobelprize.org.

Students Working on NSF Grants

Under new federal legislation, the National Science Foundation (NSF) has started requiring all students supported by NSF to undergo training in the responsible conduct of research. This will be accomplished by a one-time registration in ECON 519 that has two components: an online class and a "face-to-face"

component. The online part asks the student to complete a 2-3 hour online class administered by a private company that Northwestern has hired. DGS Professor **Elie Tamer** will lead the face-to-face part of the class.

If you are being supported on an NSF grants for the first time, please contact Professor Tamer for instructions.

Prospectus Deadline Change

The Department has decided to push back the deadline for students to complete their prospectus in order to qualify for fourth year funding from July 31 to August 31. The deadlines for funding for other years are unchanged. While the deadline has been extended, students are still encouraged to compete their prospectus as early as possible earlier in the summer as the Fall funding period starts September 1. Early completion of the prospectus will avoid any delays in getting paid or being sent a unnecessary tuition bill. As a consequence, the Department will be unable to make funding decisions for non-job-market fifth years until after August 31.

Distinguished Teaching Assistants

The Distinguished Teaching Assistant Awards for 2009-10 were presented at the start-of-year buffet on September 30. The winners of a certificate and a year's subscription to *Econometrica* were **Brian Anderson**, **Alexander James**, **Joseph Goodman**, **Aldo Heffner**, **Assaf Patir**, **Cristina Tealdi** (*all reawards*), **Henrique Roscoe de Oliveira**, **Hans Joachim Freyberger**, **Benjamin Johannsen**, **Ryan Marsh**, **Matthew Masten**, **David Miller**, **Scott Ogawa**, and **Christopher Vickers**.. Congratulations to the winners. These

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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. For 2010-11 the Fellowship was split between **Nicholas Lehman-Ziebarth** and **Kota Saito**. This fellowship is awarded annually to a graduate student who has distinguished him- or herself in *both* teaching and research.

Susan Bies Research Prizes

Also at the Buffet, the Department presented the annual Susan Schmidt Bies Prize for Doctoral Student Research on Economics and Public Policy. The awards are given to the best public policy papers presented as part of the Economics 501 seminar. The winners for 2009-10 were **Andrew Nowobilski** for a paper on bank capital and the liquidity trap, and **Ketan Patel** for an analysis of the impact of taxes on consumption of sodas and its implications for obesity. The prizes were generously donated by alumna Susan Schmidt Bies (PhD, 1972). Her professional career included serving on the Board of Governors of the Federal Reserve System.

Eisner and Bies Awards

For 2011, the Department has established a more formal timetable for deciding on the winners of the Eisner Fellowship and the Bies Prizes. A committee, chaired by DGS **Elie Tamer** will meet in late August. The period for nominations will run from June 1 to August 15, and the winners will be announced by August 31 with the formal awards given out at the Fall Buffet.

Visitors

The Center for the Study of Industrial Organization will be welcoming **Amit Ghandi** from the University of Wisconsin for the Winter Quarter. He will be in room 307. The Center for Economic Theory is hosting **Stephan Lauermann** from the University of Michigan for both the Winter and Spring Quarters. He will be in room 318. Theorist **Miltos Makris** from the University of Southampton, UK will be here from February 7 to March 4.

Econometricians **Andres Santos** of the University of California, San Diego will be here for the week of February 28, and **Edward Vytlačil** of Yale University will be here for the week of March 7. Economic historian **Isabelle Sin** from Stanford University will be visiting for the weeks of February 28 and March 7.

Pierre Dubois and **Sebastian Buhai** remain with us, the latter moving to room 3225 for the Winter Quarter.

Congratulations

Congratulations to **Lynne Kiesling** on her promotion to Distinguished Senior Lecturer effective September 1, 2010.

Our team of undergraduates, coached by **Mark Witte**, beat 20 teams locally to advance to the national finals in Washington on November 30 of the annual College Federal Reserve Challenge. This is the seventh year in a row that NU has advanced to the finals.

Events

AEA Annual Meeting

The annual meetings of the American Economics Association will be held in Denver on Friday to Sunday, January 7-9. Because of the timing, it is unlikely that any scheduled graduate classes will have to be changed, but please check with the instructor. If you are at the conference, stop by the NU annual cocktail party in the "Court A" room of the Sheraton Denver

Downtown Tower from 6-8pm on Saturday.

Martin L. King, Jr. Day

On Monday, January 17, 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 not 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.

Mark Your Calendars

Mark your calendars for these special events in the Spring Quarter. Full details will be given in the March *Graduate Connection*.

April 27 at 5pm: Nancy L. Schwartz Memorial Lecture featuring **Daron Acemoglu** of MIT.

April 28 at 3:30pm: Nemmers Prize lecture by **Elhanan Helpman** of Harvard University.

May 19: Susan Bies Annual Lecture on Economic Policy featuring **David Cutler** of Harvard University.

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 414-1

Economics of Information
Professor Wolinsky
MW 1-3

AAH 3245

The course will survey some of the central topics in the economics of

information. Among the topics are search, matching, formal descriptions of information and knowledge in single and multiple agent situations, implementation/mechanism design and contagion. The course will present both more foundational models and ideas and more applied ones.

Economics 415-1

Advanced Microeconomics

Professor Strulovici

MW 9-11

AAH 3204

The purpose of the class is to provide students with as many tools and insights as possible to apply optimal control and stopping theory to economic problems. The course starts with a description of stochastic processes, stochastic calculus, and stochastic control, with a focus on continuous time, including topics such as the smooth pasting condition, the Hamilton-Jacobi-Bellman equation, and the Martingale Representation Theorem. The techniques are then applied to models such as optimal portfolio choice, optimal entry/exit decisions, and dynamic Principal-Agent models.

The course will also deal with how to prove comparative statics in dynamic models, such as monotonicity of the value function and of the optimal stopping time or optimal control, as well as other properties of the value function (convexity, homogeneity). The course also covers models of optimal learning and experimentation, including a study of the multi-armed bandit problem (discrete time).

Evaluation will be by problem sets, a paper presentation, and the submission of a research project or review paper.

Economics 416-1

Advanced Macroeconomics

Professor Wiederholt

TTh 1:30-3:30

AAH 3204

This course is an advanced course on business cycle theory. The readings will be journal articles. The evaluation will be

based on a series of problem sets and a take-home final exam.

Economics 420-2

European Economic History

Professor Mokyr

TTh 9-11

AAH 3204

This course will be devoted to problems in the Economic History of Europe in the Twentieth Century, roughly defined as 1890-1989. The course will deal with a variety of topics, about a topic a week. All readings are available on the Blackboard site of the course.

After the introductory lectures (2-3 weeks), classes will be organized along student presentations. Each student is responsible for a number of class presentations of 25-30 minutes each, in which he/she will present papers or chapters.

The requirements for the course are class participation, class presentations, and a research paper. The research paper is due no later than a year after the end of the course. The aim of the research paper should be to write an original paper using economic theory and/or historical data to investigate a topic in European Economic history. The material covered in the course is recommended, but any topic about any European economy prior to 1989 will be acceptable subject to approval.

Economics 425-2

Theory of Economic Development

Professor Kinnan

MW 5:15-7:15

AAH 3204

Note revised time

The central questions of this course are why, and to what extent, households and firms in poor countries fail to achieve efficiency in consumption and production. The course will focus on three related concepts of efficient allocation: across time (via credit), across states of the world (via insurance), and across productive units (via investment and trade). In each case, the course will consider models of these markets and examine implications that can

be used to test the models' ability to explain data.

The course will cover models of credit and credit market failures; complete and constrained-efficient insurance; interactions between insurance and credit; investment and firm productivity; aggregative and non-aggregative growth models; and (time permitting) the impacts of trade on developing economies. Readings will be from papers available online and from the optional text *Recursive Macroeconomic Theory* by Lars Ljungqvist and Thomas Sargent (MIT Press, 2004). Evaluation will be based on several assignments requiring critical assessment of recent papers, class participation and a final project.

Economics 450-2

Industrial Organization and Prices

Professor Porter

MW 11-1

AAH 3245

An introduction to several topics in industrial organization theory and empirical analysis. Potential topics include: 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.

Economics 481-2

Econometrics

Professor Canay

TTh 11-1

AAH 3245

This course aims to cover modern econometrics topics from a theoretical point of view but with lessons for practitioners. It is divided in four parts. The first part covers local asymptotic comparisons, large deviations, contiguity and more. Part II is all about uniformity: uniform inference with subsampling and

the bootstrap in non-regular models (i.e., moment inequalities, parameter on the boundary, pre-testing and so on). The third part is on empirical likelihood: introduction to empirical likelihood, higher order properties, behavior under misspecification, moment inequalities and more. The last part is about non-parametric identification of single equation models with and without endogeneity, as well as models with simultaneous equations.

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.

Finance 487

Dynamic Asset Pricing Theory

Professor Skiadas

Time TBA

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 485 is the usual prerequisite, other students will need permission of the instructor.

Finance 488

The Econometrics of Financial Markets

Professor Jagannathan

F 9-12:30

AAH 4214

This course will cover a number of current topics in empirical finance and related econometric methods: econometric evaluation of asset pricing models; interplay between economic theory, statistical assumptions and relevant econometric techniques; interpreting financial market facts based on traditional

and neo-behavioral models.

MECS 460-2

Foundations of Management Economics

Professor Atakan

Time TBA

LEV 586

The goal of this course is familiarize students with dynamic optimization techniques for both discrete and continuous time stochastic problems. In particular the course will present results in discrete time dynamic programming and continuous time optimal control.

MECS 473

Conflict and Cooperation

Professor Baliga

Contact faculty member regarding your time availability

This course will offer a theoretical treatment of conflict. It covers the fundamental causes of conflict (positive analysis) and possible solutions that create cooperation (normative analysis). Positive analyses will focus on conflict caused by payoff uncertainty or asymmetric information, the inability to commit to honor agreements, income inequality, fractionalization of the population into distinct and antagonistic groups and extremists who attempt to manipulate conflict to achieve their ends. This part of the course will cover topics such as the reciprocal fear of surprise attack, global games, wars of attrition, bargaining, Hobbesian anarchy and coalition-formation. Normative analyses will focus on communication, mechanism design and institutions and their impact on cooperation. While the course is theoretical, it will offer stylized facts about war and civil war as motivation and a guide to interesting unexploited questions and puzzles. Unlike many topics in economics, these issues are under-explored. The course hopes to generate interesting research questions.

MECS 516

Topics in Formal Political Theory

Professor Harstad

F 9-12

LEV 586

This class covers the standard tools and theories of modern political economy. Political agents are players in the game, and the rules of the game are specified by the political institutions. Thus, it uses game theory and contract theory to analyze comparative political systems, lobbying, corruption, bureaucracy, federalism, international political economy, and political reforms. Students will present a paper from the reading list, write a referee report, and complete a final exam. Note that MECS 466 is *not* a pre-requisite.

Formal Announcements

Funding Guidelines

The Department has formal rules for the allocation of funding for students in years two through five. 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 2011 Sitting

Wed June 15 Macroeconomics

Wed June 22 Econometrics

Wed June 29 Microeconomics

All examinations will be held 1PM - 4PM.

Fall 2011 Sitting

Tues Aug 30 Macroeconomics

Wed Aug 31 Econometrics

Thur Sept 1 Microeconomics

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 13

Winter: Mon Jan 3 - Mon March 20

Spring: Mon March 28 - Mon June 13

Graduate School Deadlines

February 4 is the last day for return of the Application for a Degree for all candidates who expect their degrees to be awarded in March.

March 4 is the last day for submission of the COMPLETED dissertation and all supporting materials to the Graduate School for students who expect to receive the Ph.D. degree in December.

March 11 is the last day for receipt of the Final Examination Report and any Change of Grade forms to the Graduate School for Master's candidates who expect their degrees to be awarded in March.

Note that the Graduate School is now awarding degrees four times a year and not just twice a year (June and December).

Funding Opportunities*Teaching Opportunities 2011-12*

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

A new system of Dissertation Year University Fellowships (DYUF) is in effect, and all students are eligible. 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 Ph.D.>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). A 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 2010 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).

Next Graduate Connection

Volume 16, number 3 will be published in the week of March 7.