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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 23, Monday 26, Friday 30 and Monday January 2. The winter quarter commences on Tuesday, January 3.

Winter Quarter

As indicated above the first day of winter quarter is Tuesday January 3. However, on that Tuesday, the classes scheduled for Monday will meet. So in week 1:

MW classes will meet TW

TTh classes will meet Th only

Then in week 3, there are no Monday classes (January 16) for the Martin Luther King Jr Day observance.

ASSA Meetings

The Allied Social Science Associations (ASSA) meetings are in Chicago this year. They will be held in downtown Chicago on Friday January 6 to Sunday January 8.

All graduate students are encouraged to attend. As announced earlier this week, the Department will reimburse you for the student early registration fee of \$35.

You will need to take your Wildcard when you pick up your materials on-site to prove you are eligible for the student rate.

Under University policies you can only be reimbursed after the meeting occurs. You can file a travel and expense reimbursement request with John Affrunti in room 304 from January 9. We will reimburse \$35 registration fees, but not travel or meal expenses.

If you are at the conference, stop by the NU annual cocktail party in the "Grand

Suite 3" room of the Hyatt Regency Chicago, 151 East Wacker Drive from 6-8pm on the Friday.

Graduate Studies Committee

In an election earlier this quarter, the following were elected to represent their fellow students on the Department's Graduate Studies Committee:

John Farragut (year 1 representative)

Emil Temnyalov (years 2 & 3)

Javier Donna (years 4, 5 and beyond)

Seminar Registrations

The Department has been updating the 500-level seminar offerings. One implication is that we will not be offering Econ 501 and the 500-level workshop classes in the Winter Quarter when these classes usually do not meet. They will return in the Spring Quarter. Students who need to register for additional credits to maintain full-time status should use Econ 590 (for second year students) and TGS 500 (for older students).

Distinguished Teaching Assistants

The Distinguished Teaching Assistant Awards for 2010-11 were presented at the start-of-year buffet on October 5. The winners of a certificate and a year's subscription to *Econometrica* were **Jia-Young Michael Fu, Joseph Goodman, Benjamin Johannsen, David Miller** (*all reawards*), **Roland Eisenhuth, Matthew Gunden, Christopher Lau, Jorge Lemus, Benjamin Mermelstein, David Ovidia, Esteban Petruzzello, Yannay Spitzer, Emil Temnyalov, Mary Zaki, and Jaber Zarezadeh**. Congratulations to the winners. These awards are given to the top third of our

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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 2011-12 the Fellowship was awarded to **Hans Joachim Freyberger**. 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 Prizes 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 2010-11 were **Jose Miguel Abito** for a paper on environmental regulation, and **Tiago Pires** for an analysis of the labor market in the banking industry under public and private ownership. 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.

Visitors

The Center for the Study of Industrial Organization will be welcoming **Volker Nocke** from the University of Mannheim for the month of January. He will be in room 329. The Center for International Macroeconomics will be hosting **Luca Dedola** from the European Central bank for Winter and Spring Quarters. He will be in room 3218.

The CSIO will be hosting **Robin Lee** from New York University for the months of March, April and May in room 3221. Econometrician **Andrew Chesher** from

University College London will be visiting March 2-8.

Richard Steckel and **Sebastian Buhai** remain with us.

Congratulations

Congratulations to **Dale Mortensen** on his appointment as a Board of Trustees Professor, which is the most prestigious chaired professorship that the University can award to its faculty. He became the second Board of Trustees Professor in the Department of Economics, along with Charles Manski. **Igal Hendel** has been appointed as the Ida C. Cook Professor of Economics, a chair formerly held by Professor Mortensen. **Wojciech Olszewski** has been appointed as the HSBC Research Professor of Economics for a two-year term.

Congratulations to **Joel Mokyr** on his election as a Fellow of the Econometric Society. Also elected was alumni **Thomas Holmes** (PhD, 1985), a professor at the University of Minnesota.

David Figlio of the School of Education and Social Policy and a Courtesy Professor in our Department has been appointed as the Director of NU's Institute for Policy Research effective September 2012.

Events

AEA Annual Meeting

The annual meetings of the American Economics Association will be held in downtown Chicago on Friday to Sunday, January 6-8. See the "News" item above.

Martin L. King, Jr. Day

On Monday, January 16, 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*.

March 30: Prospective graduate student open day

April 30: Susan Bies Annual Lecture on Economic Policy featuring **Olivier Blanchard** of MIT and the IMF.

May 2: Nancy L. Schwartz Memorial Lecture featuring **Jean Tirole** of the University of Toulouse.

May 11 and 12: Nemmers Prize conference on economic growth.

June 21-24: North American Summer Meeting of the Econometric Society will be held on campus.

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 416-1

Advanced Macroeconomics
Professor Wiederholt

TTh 1:30-3:30

AAH 3204

This course is an advanced course on business cycle theory. Topics include: real business cycle theory, new Keynesian models, business cycle models with information frictions, financial frictions, monetary policy, and fiscal policy. Required reading will be a list of 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 year Professor Mokyr will try a new experiment. In the past decade, a great deal of economic history has been written by scholars (some full-time economic historians, others part-timers and interlopers) who are applying economic theory and econometric methods to historical issues and producing new and innovative databases. The purpose of this course is to survey much of the recent literature and stimulate similar research. Each student will be in charge of class presentations (starting in week 2) of a subset of the assigned papers.

Evaluation will be based on the class presentation and participation, and a research paper that is due one year after the course ends.

Economics 425-2

Theory of Economic Development
Professor Kinnan
MW 1:30-3:30

AAH 3204

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). The course will cover 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 the impacts of trade on developing economies. Emphasis will be testing various models abilities to explain data in light of concerns about measurement error, heterogeneity and endogeneity.

Readings will be from papers available online. Evaluation will be based on several assignments requiring critical assessment

of recent papers, a final research project and class participation.

Economics 440-1

Economics of the Labor Market
Professor Mortensen
MW 9-11

AAH 3204

The goal of the course is to integrate theoretical and empirical research on wage and employment determination. 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 topics are all viewed within the context of a general search and matching labor market equilibrium framework. Empirical content will emphasize studies based on worker unemployment and job duration data and matched worker-employer panel data.

The course is designed for students of labor and macroeconomics. The course also requires a knowledge of dynamic optimization techniques and stochastic process theory at the level of Stokey and Lucas *Recursive Methods in Economic Dynamics* (Harvard U.P., 1989).

Evaluation will be based on problem sets, class participation and a term paper.

The principal texts are C.A. Pissarides *Equilibrium Unemployment Theory*, 2nd edition (MIT Press, 2000), and D.T. Mortensen *Wage Dispersion: Why are similar people paid differently?* (MIT Press., 2003)

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 three parts. The first part covers local asymptotic comparisons, large deviations, contiguity and more. Part II covers uniform inference using subsampling and the bootstrap in non-regular models (i.e., moment inequalities, parameter on the boundary, and so on). The third part covers resampling methods that result in finite sample valid inference. It includes the foundations of permutation and randomization tests with some recent developments.

Evaluation is by problem sets, weekly reports and a topic presentation. The books *Asymptotic Statistics* by A.W van der Vaart (Cambridge U.P., 2000) and Lehmann and Romano *Testing Statistical Hypotheses* (Springer, 2010) include many of the topics of parts I and II. Selected readings are provided for the other topics.

Finance 487

Dynamic Asset Pricing Theory
Professor Skiadas
T 2-5

AAH 4214

This course offers an in-depth introduction to competitive asset pricing theory in dynamic settings. The main topics are dynamic trading, the arbitrage pricing of derivative securities, foundations of dynamic choice, consumption-based asset pricing and optimal consumption/portfolio choice using recursive utility. Both discrete-time models and continuous-time methodology are covered. . 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. Texts are Costis Skiadas *Asset Pricing Theory* (Princeton U.P., 2009) and Darrel Duffie *Dynamic Asset Pricing Theory* (Princeton U.P., 2001). Evaluation will be weekly problem sets and take-home exams.

Finance 488

The Econometrics of Financial Markets
Professor Jagannathan
M 9-12 AAH 4214

This course will cover current topics in the empirical asset pricing literature and related econometric methods: return predictability; GMM and applications in finance; linear factor models including conditional asset pricing models; portfolio performance evaluation and attribution, and initial public offerings.

The primary textbooks are Campbell, Lo and MacKinlay *The Econometrics of Financial Markets* (Princeton U.P., 1996) and John Cochrane *Asset Pricing* (Princeton U.P., 2005). Evaluation will be based on problem sets, class presentation, and a final exam.

MECS 460-2

Foundations of Management Economics
Professor Shmaya
M 3-6 LEV 586

This course provides a rigorous introduction to dynamic optimization techniques used in discrete time stochastic optimization problems. Topics include discrete time discounted dynamic programming, stochastic zero sum games, envelope theorems, multi-armed bandit problems, negative dynamic programming, optimal stopping, positive dynamic programming, optimal gambling strategies, bold and timid play.

The textbooks are Sheldon Ross *Introduction to Stochastic Dynamic Programming* (Academic Press, 1983) and Stokey and Lucas *Recursive Methods in*

Economic Dynamics (Harvard U.P., 1989). Evaluation will be based on a final exam.

MECS 466

Social Choice and Voting Models
Professor Egorov
W 1-4 LEV 586

The course focuses on collective decision-making. It starts with classical results from social choice theory. The course then looks at strategic behavior in voting models, and in particular committee voting and legislative bargaining. The course covers both preferences aggregation and information aggregation in voting. The last third of the class will be about modeling collective decision-making and collective action in political environments; in particular strategic voting over future decision-makers and dynamic models of institutions.

Students are expected to attend and participate in class discussion. As a result of the class, students are expected to write a paper which either explores an original idea, or has a critical review of several related papers. The first part of the class is covered by Austen-Smith and Banks *Positive Political Theory I* (Univ of Michigan Press, 2000).

MECS 468-2

Selected Topics in Economic Theory
Professor Eckmecki
Th 9-12 LEV 561

In this course students learn both the classic papers and the frontier of the literature concerning repeated games with incomplete information; games that are more commonly known as reputation models. The starting point is the early papers by Kreps, Wilson, Milgrom and Roberts, then the next wave of papers by Fudenberg and Levine, bargaining games by Abreu and Gul, and finally recent developments.

The first half of the course is lectures, and the remainder is student presentations of papers from a list of applied or theory

papers. Evaluation is based on the presentations and the class participation.

MECS 469

Advanced Applied Microeconomics
Professor Watanabe
T 6-9pm LEV 619

This is a topics course on empirical studies of game theoretic models. The course studies estimation and identification strategies of both cooperative and non-cooperative game theoretic models including: bargaining, voting, super-modular games, two-sided matching, and coalition formation.

The readings consist of mostly applied empirical work from the fields of political economy, industrial organization, and law and economics. Students are expected to present one paper from the reading list and write a research proposal.

MECS 473

Conflict and Cooperation
Professor Baliga
T 3-6 LEV 586

This course will offer a theoretical treatment of conflict. Strategic interaction within and across nations involves conflict and cooperation. Disagreement between a country's population and its leadership can cause internal conflict, oppression and terrorism. Disagreement between countries can lead to war, costly arms races and impede economic development. Conflict often arises even though there is some cooperative solution that would have satisfied all the relevant actors. The course will study the fundamental causes of conflict (positive analysis) and possible solutions that create cooperation (normative analysis).

Evaluation will be based on problem sets, a term paper or an in-class presentation.

Formal Announcements

Funding Guidelines

The Department has formal rules for the allocation of funding for students in years two through five. These are posted on our web site in the Graduate > Current Student section. 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 2012 Sitting

Wed June 13	Econometrics
Wed June 20	Microeconomics
Wed June 27	Macroeconomics

All examinations will be held 1PM - 4PM.

Fall 2012 Sitting

Tues Sept 4	Econometrics
Wed Sept 5	Microeconomics
Thur Sept 6	Macroeconomics

All examinations will be held 1PM - 4PM.
Note that these dates are *after* 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 12
Winter: Tues Jan 3- Mon March 19
Spring: Mon March 26- Mon June 11

Graduate School Deadlines

February 3 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 2 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 March.

March 9 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).

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 **Joseph Ferrie** 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 Ferrie for instructions.

Funding Opportunities

Teaching Opportunities 2012-13

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 Graduate.>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 2011 income tax form (1040) before you complete the FAFSA.

Notes

Next Graduate Connection

Volume 17, number 3 will be published in the week of March 5.
