

# 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 Thursday December 24, Friday 25, Thursday 31 and Friday January 1. The winter quarter commences on Monday, January 4.

### *Prelim Policy*

In 2013 the Department altered its policy for preliminary examinations and the requirements for entry to the second year of the program. This was for an experimental two-year period. Based on positive feedback from faculty and graduate students, the Department voted on September 29, 2015 to make the new policy permanent.

### *501 Presentations*

Also on September 29, 2015 the faculty voted to revert to our previous policy that all third-year students make their Econ 501 presentations within the 501 seminar itself.

In the past few years we had also allowed students to substitute presentations in field lunches (and similar) for a presentation in the 501 seminar. However, the faculty felt that there was value in a consistent venue for presentations, and in peer feedback from students that are not necessarily in the same field. However, we encourage students to also make presentations in field lunches and reading groups in addition to their 501 presentations.

## *Distinguished Teaching Assistants*

The Distinguished Teaching Assistant Awards for 2014-15 were presented at the start-of-year buffet on October 11. The winners of a certificate, a limited edition coffee mug, and a year's subscription to *Econometrica* were **Titan Alon, Arjada Bardhi, Germán Bet, Luca Bittarello, Gideon Bornstein, Matias Escudero, Andreas Kropf, Chiara Maggi, Alexey Makarin, Paul Mohnen, Aniket Panjwani, Christopher Romeo, Felipe Shalders, Yi Sun, Max Tabord-Meehan** and **Nicholas Vreugdenhil**. These awards are given to the top third of our Teaching Assistants, 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.

## *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 2014-15 were **Enrico Berkes** for a paper on “Local corruption and (mis)reported income: evidence from the Earned Income Tax Credit,” **Janjala Chirakijja** for “The impact of tourism on economic development of household welfare: evidence from Thailand,” and **Paul Mohnen** for “The impact of the aging age force on the U.S. youth labor market.” The prizes were generously donated by alumna

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**Susan Schmidt Bies** (PhD, 1972). Her professional career included serving on the Board of Governors of the Federal Reserve System.

### *Congratulations*

Professor **Joel Mokyr** was awarded the Balzan Prize. He was recognized for “his pioneering connection of economics and history permitting a new, comparative view of economic development and industrialization.” The International E. Balzan Prize Foundation aims to promote culture and science, in the cause of humanity, peace, and fraternity among peoples throughout the world.

Professors **James Hornsten**, **Lee Lockwood** and **Eric Schulz** were chosen for the 2014-15 Faculty Honor Roll award organized by the Associated Student Government. Students nominated professors that go above and beyond expectations, and the winners were selected from the list of nominations as faculty members who are truly exceptional.

### *Nemmers Prize*

**Jean Tirole** of the Toulouse School of Economics and winner of the 2014 Nemmers Prize in Economics will be visiting Northwestern again in September and October 2016. The Nemmers Prize is a biennial honor bestowed on an outstanding economist who has yet – at the time the award is bestowed - to win the Nobel Prize.

### *Visitors*

We have three visitors joining us for the Winter and Spring Quarters. **John Lazarev**, an industrial organization economist from New York University will be in room 3219. **Molly Lipscomb**, a development economist from the University of Virginia will be in room 3213. **Joshua Sherman**, a theorist from the University of Vienna will be in room 348. He will also be teaching undergraduate classes in law and economics and econometrics.

**Mara Squicciarini**, a post-doctoral visitor with interests in economic growth and development, economic history, and the economics of migration, continues with us but will move to room 311 from the start of the Winter Quarter.

## Events

### *AEA Annual Meeting*

The annual meetings of the American Economics Association will be held in San Francisco on Sunday to Tuesday, January 3-5. If you are at the conference, stop by the NU annual cocktail party in the Yerba Buena Salon 13 of the San Francisco Marriott Marquis, 780 Mission Street, from 6-8pm on the Sunday.

Some faculty teaching Winter Quarter graduate classes are attending the meetings. If this leads to changes in the date of the first class meeting, a note is included in italics before the course description in the next section.

### *Martin L. King Jr. Day*

On Monday, January 18, the University is closed and all classes are canceled in observance of Dr. Martin Luther King Jr. Day.

### *Schwartz Lecture*

The annual lecture series organized by the Kellogg School of Management to honor the late Nancy Schwartz will be at 5:30PM on Wednesday February 17 in the McCormick Auditorium of the Allen Center. This year’s lecturer is **Paul Milgrom** of Stanford University. There will be a reception beforehand starting at 4:30PM.

## Teaching

### *Seminar Registrations*

The Department 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).

### *This Quarter’s Course Descriptions*

The Department has a policy to avoid the problem of excessive awarding of incomplete grades. Please see the “Goals for Second and Third Year Students” page of our web site for a complete statement. Report any problems to the Director of Graduate Studies.

### **Economics 414-2**

Economics of Information

Professor Guo

TTh 11:00-12:50

Jacobs 3245

This course covers the major topics of mechanism design without monetary transfers. It reviews the main papers including the very recent contributions and has a focus on analytical tools. Among the topics covered are: delegation, dynamic mechanisms, school choice, mechanisms with evidence and verification, and information disclosure.

Evaluation will be based on several written “referee reports” and an oral presentation.

### **Economics 420-2**

European Economic History

Professor Mokyr

TTh 9:00-10:50

Jacobs 3204

This course is devoted to recent papers in economic history written in the language and tradition of modern economics. 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 have produced and utilized new and innovative databases. The purpose is to survey a sample of this recent literature, provide it with more historical context and motivation and stimulate similar research.

After an introductory lecture by the instructor, the course will be student-driven. Starting in week 2, each student will be in charge of a number of class presentations of papers on the reading list. The readings will be allocated on a first-ask first-serve basis, subject to the constraint that all papers have to be covered and that distribution is about as equitable as is humanly possible. Each student should prepare a PowerPoint lecture of about 30-45 minutes on her/his assigned papers, summarizing the most interesting and important findings, while reviewing the methodology and sources used.

### **Economics 425-2**

Theory of Economic Development

Professor Kinnan

MW 9:00-10:50

Jacobs 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/space (via investment and migration).

The course will also cover frictions in credit market and possible solutions (e.g., microcredit); fully-efficient and constrained-efficient informal insurance; interactions between insurance, investment and credit; firm investment, productivity and misallocation; and barriers to and impacts of migration. Emphasis will be on implications that can be used to measure models' ability to explain data in light of

concerns of measurement error, heterogeneity and endogeneity.

Evaluation will be based on two referee reports, an in-class presentation of a paper from the syllabus, a final project, and class participation. The primary required texts are journal articles or working papers available online.

### **Economics 436-1**

Theory and Practice of Public Finance

Professor Lockwood

MW 1:30-3:20

Jacobs 3204

*The first meeting of the quarter will be on Wednesday, January 6th. The originally-scheduled meeting of Monday, January 4th will be rescheduled to a later date.*

This course covers the core theoretical results and empirical techniques used in public finance. The emphasis is on combining theoretical models and empirical evidence. Topics include the incidence and efficiency of government taxation and expenditure programs, optimal taxation, taxation and saving, and social insurance programs including Social Security, Medicare, and Medicaid. The main goal of the course is to prepare students to contribute to the literature on public finance or related fields.

Evaluation is by problem sets, short writing assignments, and a final exam. There is no single main text, though selected readings from the *Handbook of Public Economics* are an important part of the course. This course may be combined with courses from related fields to satisfy a field requirement (please see the course instructor or the Director of Graduate Studies for details).

### **Economics 450-2**

Industrial Organization and Prices

Professor Porter

MW 11:00-12:50

Jacobs 3245

This course is an introduction to several topics in industrial organization theory and empirical analysis. Topics include: price discrimination; entry, growth and turnover;

advertising; auction markets; cartels and collusion. The emphasis will be on the estimation and testing of game theoretic models, and especially on recent developments in the field.

Evaluation will be by several problem sets and a final exam. Economics 450-1 is a prerequisite for this course.

### **Economics 460-2**

International Economics

Professors Eichenbaum and Lorenzoni

TTh 1:30-3:20

Jacobs 3204

The class covers topics in international finance and open economy macro. Topics include the determinants of cross-border financial flows, current account balances, and exchange rate both from an asset pricing perspective and in terms of its effects on competitiveness and the trade balance. The course will also consider the behavior of goods prices across borders and discuss the merits of different monetary arrangements (flexible vs fixed exchange rates, currency unions).

Evaluation will be based on problem sets and a take-home final exam.

### **Economics 481-2**

Econometrics

Professor Manski

MW 1:00-2:50

Jacobs 3245

The course will cover statistical decision theory, with applications to treatment choice. The basic theoretical material is the Wald development of statistical decision theory and consideration of criteria for decision making, including minimax, minimax-regret, and minimization of Bayes risk. Generalizations of the Wald theory to measurement of sampling performance by probabilistic features other than risk will be considered and Bayesian decision theory will be reconsidered from this perspective.

The basic applied problem to be covered is treatment choice using data from classical finite-sample randomized experiments, including the problem of

experimental design. Treatment choice with data that yields partial identification of treatment response will also be discussed.

Articles and book chapters will be assigned as readings. Evaluation will be based on student in-class presentation of research ideas and the writing of course papers.

### MECS 460-2

Foundations of Management Economics

Professor Hu

T 3:30-6:20

Jacobs 586

This course provides mathematical tools necessary for both macroeconomic models and dynamic models in microeconomics and game theory. While the main focus is on techniques for dynamic programming, the course will go through several applications including monetary theory, strategic experimentation, dynamic contracting. This course is especially designed for students who are interested in macroeconomics issues using tools from game theory and microeconomics.

### MECS 465-1

Contract Theory and Mechanism Design

Professor Sandroni

W 12:00-2:50

Jacobs 586

This course relies on student presentations of papers and informal discussions of ideas. Hence, there are no exams. The main objective is to find good dissertation projects and facilitate the transition from student to researcher. The topics depend on students' interests and so, are typically determined in the first and second classes. Initial suggestions are: Bayesian persuasion and censorship; dynamics without recursion; the optimal structure of debates; psychology and game theory; models of diplomacy; law and economics; networks and communications; the structure of political parties; evolution; technological cycles; and environmental economics.

### MECS 473

Conflict and Cooperation

Professor Baliga

M 2-4:50

Jacobs 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 studies the fundamental causes of conflict (positive analysis) and possible solutions that create cooperation (normative analysis).

*Please note that the Finance Department has renumbered their courses into two sequences. Finance 485-1,2,3 (the former 485, 488, 487) deals with Asset Pricing, and Finance 486-1,2,3 (former 486, 489, 520) deals with Corporate Finance.*

### Finance 485-2

Asset Pricing II

Professor Jagannathan

T 3:30-6:20

Jacobs 4214

This course will provide the student with an introduction to financial econometrics. The topics will include stock return predictability; generalized method of moments; asset pricing models; liquidity and systemic risk; portfolio performance evaluation; factor models in large cross sections; and hidden Markov models.

Textbooks are Campbell, Lo and MacKinlay *The econometrics of financial markets* (Princeton U.P., 1996) and Cochrane *Asset Pricing* (Princeton U.P., 2005). Other resources will be listed on the syllabus.

Evaluation will be based on homework, a class presentation, and a final exam. Homework assignments are to be done

individually. Students should write their own codes and not rely on packaged programs.

### Finance 486-2

Corporate Finance II

Professors Sapienza and Benmelech

F 1-3:50

Jacobs 4214

This course provides a theoretical and empirical treatment of major topics in empirical corporate finance, including: investment decisions, capital structure, corporate governance, and law and finance.

## Formal Announcements

### *Funding Guidelines*

The Department has formal rules for the allocation of funding for students in years two through six. These are described on the Graduate > Funding page of our web site. Please read this document as *the Department strictly enforces these funding criteria.*

### *Preliminary Examinations*

First year students should familiarize themselves with the Department's rules on continuation to the second year. These are posted in the "Goals for First Year Graduate Students" page of our web site.

Dates for the prelim examinations for the coming year have been set. The ordering of the three examinations rotates each year.

Monday July 11 - Microeconomics

Friday July 15 - Macroeconomics

Wednesday July 20 – Econometrics

All examinations will be held 1:30PM – 4:30PM.

Students should note that they are exempt from the prelim exam in any area in which they achieved a GPA of 3.60 or greater in the three first-year classes (e.g. in 410-1,2,3 for the microeconomics prelim exam).

### *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 require 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: till Mon Dec 14  
 Winter: Mon Jan 4 - Mon March 21  
 Spring: Tues Mar 29 - Mon June 13

### *Graduate School Deadlines*

**February 5** is the last day for return of the Application for a Degree for all candidates who expect their degrees to be awarded in March.

**February 26** 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 4** 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.

### *Students Working on NSF Grants*

The National Science Foundation (NSF) requires all students supported by them 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 **Wojciech Olszewski** 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 Olszewski for instructions.

## Funding Opportunities

### *Teaching Opportunities 2016-17*

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

### *NU Dissertation Year Fellowships*

The Department has taken the pedagogical decision that Dissertation Year University Fellowships (DYUF) should be taken 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 Program Coordinator 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*.

Fifth year (and above) students should note that The Graduate School specifies that Summer University Fellowships are not available for students beyond year 4.

### *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 two conferences during your time at Northwestern that covers up to a maximum of \$800 for each conference. 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](http://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 2015 income tax form (1040) before you complete the FAFSA.

## Notes

### *Next Graduate Connection*

Volume 21, number 3 will be published on March 1.