

# Graduate Connection

Vol. 25 No. 2

December 2019

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## News

### *Happy Holidays!*

The faculty and staff extend their best wishes for a happy holiday season. The University is officially closed from the end of business on Monday December 23 and reopen on the morning of Thursday January 2. Winter Quarter commences on Monday, January 6. During the closure period your Wildcard is needed to access the building.

### *Graduate Student Opportunities Website*

The Department has established a new website for graduate students with information on:

- Conferences
- Resources at NU
- Fellowships
- Programming at NU
- Events outside NU
- Counseling Services (CAPS)
- Job Opportunities

See the weekly update e-mail or visit: <https://sites.google.com/view/nuecon-grad-opportunities/home>

### *Distinguished Teaching Assistants*

The Distinguished Teaching Assistant Awards for 2018-19 were presented at the start-of-year lunch on September 29. The winners of a certificate, a limited edition coffee mug, and a year's membership to the Econometric Society or the American Economic Association were **Riccardo Bianchi Vimercati, Christopher Heard, Ryan Lee, Joe Long, Giacomo**

**Magistretti, Kristina Manysheva, Riccardo Marchingiglio, Victoria Marone, Jane Olmstead-Rumsey, Richard Peck, Kelly Gail Strada, Yunus Topbas, Udayan Vaidya, Ashley Wong and Boli Xu.** 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 lunch, 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 2018-19 were **Francesca Truffa** for the paper "Effect of Female Peers on MBAs' Career Outcomes" and **Ashley Wong** for "Gender Diversity and Scientific Research." 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.

### *Robert Eisner Memorial Fellowship*

Also awarded at the lunch was a fellowship to honor the late faculty member and AEA President Robert Eisner. For 2019-20, the Fellowship is awarded to **Benjamin Vatter**. The

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fellowship is awarded annually to a fourth year student who has distinguished her or himself in both teaching and research.

### *Congratulations*

Belated congratulations to the following faculty members on their promotions effective September 1, 2019: **Ivan Canay** and **Matthew Notowidigdo** to Full Professor and **Scott Ogawa** to Associate Professor of Instruction.

Professors **Sara Hernández-Saborit**, **Richard Walker** and **Mark Witte** were chosen for the 2018-19 Faculty Honor Roll award organized by the Associated Student Government. Winners were selected based on nominations by undergraduate students.

The Econometric Society elected **Guido Lorenzoni** and **Bruno Strulovici** as Fellows. Also elected were our PhD alums **Nicola Persico** (a faculty member at Kellogg) and **Tomasz Strzalecki**.

**Joel Mokyr** was awarded the Jonathan Hughes Prize for Teaching Excellence by the Economic History Association. The prize is named for the late Jonathan Hughes, professor of economics at Northwestern from 1966 until his death in 1992.

### *Staff News*

**Kayla Atkins** joined us from The Graduate School on November 16 to fill the position of event coordinator and faculty support in our front office. The previous holder of this position, **Cindy Pingry**, transferred to the International and Area Studies Program in WCAS.

We are currently advertising to fill the second staff position in the main office.

The University Library has appointed **Mariah McGregor** as the new liaison with the Economics Department.

On a sad note, retired business administrator **Margene Lehman** passed away on November 7.

### *Visitors and Postdocs*

Three of our existing visitors and postdocs remain with us for the entire academic year: development economist **Nilesh Fernando**, macroeconomist **Christina Patterson** and historian **Michele Rosenberg**.

Alum **Sena Coskun** is visiting from the University of Mannheim from mid-December through the end of Winter Quarter. Her interests are in macroeconomics and labor economics.

There are additional visitors in the Spring Quarter. Further details will be provided in the March *Graduate Connection*.

### *Best Practices for Improving the Professional Climate in Economics*

In October the American Economic Association issued draft guidelines for best practices for economists to diversify the profession and promote an inclusive environment.

The Department recommends that everyone reads these draft guidelines. They can be found at: <https://www.aeaweb.org/resources/best-practices>

### *Changes to Graduation*

Graduation ceremonies for June 2020 are the same as for previous years. Commencement is on Friday, June 19 with a PhD hooding ceremony the day before.

However, starting in June 2021 Commencement moves up to (tentatively) the Sunday after Spring final exams (June 13, 2021). The logistics of the change, including when the hooding ceremony will occur, have yet to be announced.

### *Spring Quarter Start Date*

The University has decided that Spring Quarter henceforth starts on a Tuesday. Consequently the first day of Spring Quarter 2020 is Tuesday, March 31. But on the first day, classes that normally meet on Mondays will be held. The first TTh classes are on the Thursday.

### **Events**

#### *AEA Annual Meeting*

The annual meetings of the American Economic Association are in San Diego on Friday to Sunday, January 3-5.

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

On Monday, January 20, the University is closed and all classes are canceled in observance of Dr. Martin Luther King Jr. Day.

#### *Mark Your Calendars*

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

- Friday and Saturday, April 17-18: The Center for Economic History hosts an international conference on the topic of War and Economic History.
- Wednesday, April 22: Nancy L. Schwartz Memorial Lecture featuring Avinash Dixit of Princeton University at 5:30 at the Allen Center.
- Tuesday, April 28, 2020: The annual Susan Bies (PhD, 1972) lecture on economic policy. This year's speaker is **Darrell Duffie** of Stanford University.
- Friday and Saturday, May 29-30: The joint industrial organization conference between NU and the University of Toulouse is in Toulouse.

## Teaching

### Seminar Registrations

The Department does not offer Econ 501 and the 500-level workshop classes in the Winter Quarter when these classes usually do not meet. They 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).

### Incomplete Grades

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.

### This Quarter's Course Descriptions

#### Advice on Field Sequences

The Department has guidance on acceptable field course sequences. These are posted in the Graduate > Degree Requirements and Goals > Second and Third Year Goals section of our website.

### Department of Economics Classes

#### Economics 412-2

Economic Theory and Methods  
Professor Strulovici

TTh 3:30-5:20 KGH 3301

This course covers optimal control and stopping theory as well as applications of the theory to economic problems. The course starts with an introduction to stochastic processes, stochastic calculus, and stochastic control, with a focus on continuous time. The techniques are then applied to models such as optimal portfolio

choice, optimal entry/exit decisions, and dynamic principal-agent models. The course also covers models of optimal learning and experimentation, including a study of the multi-armed bandit problem in discrete time.

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

#### Economics 414-2

Economics of Information  
Professor Guo

MW 9:00-10:50 KGH 3301

*Note day and time change to spread out the offerings of theory classes.*

This course covers two major research areas: mechanism design without transfers and robust mechanism design. It reviews a series of papers with a focus on analytical tools. Topics covered include delegation, dynamic mechanisms without money, information design, evidence models, mechanism design under worst-case payoff or worst-case regret. The main objective is to explore the frontier of these topics and to help students find research projects.

Evaluation is based on two referee reports and an oral presentation.

#### Economics 416-2

Advanced Macroeconomics  
Professor Doepke

TTh 1:30-3:20 KGH 3301

This class focuses on models of household heterogeneity and household decision making, including life-cycle models and models of household bargaining. Applications include the determination of aggregate labor supply and savings, macroeconomic models of the evolution of inequality and social mobility, issues in "family macroeconomics" such as fertility decisions and models of marriage and divorce, applications to economic growth and development, and

political-economy applications to voting and institutional change.

Evaluation is by problem sets (including projects focusing on numerical methods and replication), class participation, and by the submission of a research proposal related to the topics discussed in the class.

#### Economics 420-2

European Economic History

Professor Mokyr

TTh 9:00-10:50 KGH 3301

The course is devoted to recent papers in economic history written in the language and tradition of modern economics. Economic theory and econometric methods have been applied to historical issues utilized new and innovative databases. The course surveys a sample of this recent literature, provides a historical context and aims to motivate and stimulate similar research.

After an introductory lecture by the instructor, the course is student-driven. Each student is in charge of a number of class presentations of book chapters and papers. Each student prepares 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.

The course requires a research paper, single-authored or co-authored with at most one other student taking this course concurrently. The paper is due a year after the end of the course. Until then all students will get an incomplete. More details will be provided in the first class meeting.

#### Economics 425-2

Development Economics

Professor Udry

MW 3:30-5:20 KGH 3301 (M)  
KGH 1410 (W)

The focus is the study of the microeconomics of development.

Topics include household organization, gender, agriculture, technological change, and finance, risk and uncertainty. The course emphasizes the interplay between theory, observation, experimentation and econometric testing, and how these work within and across papers to form research programs. A primary goal of this course is a critical reading of the current literature on the empirical microeconomics of development.

Students are expected to do all of the required reading and to participate in class discussion. Evaluation is based on a series of assignments (referee reports and problem sets) and a research project.

### **Economics 450-2**

Industrial Organization

Professor Bhattacharya

MW 11:00-12:50

KGH 1410

An introduction to several topics in industrial organization theory and empirical analysis. Topics include: strategic investment and entry, price discrimination, search, bargaining, auctions, matching, and conduct and collusion. The emphasis is on the estimation and testing of game theoretic models, and especially on recent developments in the field.

Evaluation is based on problem sets, referee reports, and likely a research proposal. Economics 450-1 is a prerequisite for the class.

### **Economics 481-2**

Advanced Econometrics

Professor Auerbach

This class has been rescheduled to the Spring Quarter.

### **Economics 498-1**

Advanced Topics in Economics

Professor Schnell

MW 1:30-3:20

KGH 3301

This course provides an introduction to theoretical models and empirical applications in health economics. Topics include the production and measurement of health, the provision and design of health insurance, causes and consequences of provider behavior, and competition in health care markets. The course includes guest lectures by Diane Alexander (Chicago Fed), Matt Notowidigdo (NU Econ), and Hannes Schwandt (NU SESP).

The course complements Professor Dranove's MECS 551-1 (Fall 2019). Some topics build on work discussed in the Fall, but MECS 551-1 is not a prerequisite.

Evaluation is based on in-class presentations of research papers, a final exam, and an original research proposal or project. (Students who took MECS 551-1 are required to complete the research project they started in the Fall; students who did not take MECS 551-1 must develop a research proposal).

### **Other Departments' Classes**

*See the Department's field sequence rules before registering for any of these classes.*

### **Finance 585-2**

Asset Pricing II

Professor Papanikolaou

T 10:00-1:00

KGH 5301

This course covers advanced topics in the intersection of finance and macroeconomics. The class emphasizes current topics along with state-of-the-art tools.

The first part covers the basics of dynamic models of arbitrage pricing, portfolio choice, and equilibrium in frictionless markets. The second part covers a selection of topics of current interest: asymmetric information models, borrowing constraints and other frictions, models with non-

standard preferences, models with production, etc.

Evaluation is based on problem sets, which emphasize both analytical as well as numerical skills. Familiarity with a modern computing language (MATLAB, Julia or C++) is assumed.

Though the course proceeds at a brisk pace, familiarity with the material in FINC 585-1 is not required.

### **Finance 586-2**

Corporate Finance II

Professors Benmelech and Sapienza

M 6:00-9:00pm

KGH 4302

This course provides a theoretical and empirical treatment of major topics in empirical corporate finance, including capital structure and financial contracting; real investment behavior; financial intermediation; financial distress; corporate governance; and law and finance.

The course discusses empirical papers that are related to the theories formulated in FINC 586-1, which is a prerequisite. In addition, it helps students to develop identification strategies for testing corporate finance hypothesis. The course emphasizes how to develop good research ideas. Rather than providing an exhaustive overview of the field, the course focuses in depth on selected topics to illustrate different empirical approaches to the same or related questions.

Part of the course is devoted to teaching how to use the basic databases in finance. Stata knowledge is assumed. Empirical exercises are assigned to allow students to extract and manipulate data.

### **MECS 540-2**

Political Economy II: Conflict and Cooperation

Professor Baliga

F 2:00-5:00

KGH 4130

This course offers 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).

Evaluation is based on in class presentations of papers or new research ideas that might form part of a dissertation.

#### **MECS 549-2**

Technology and Innovation

Professors Jones and Reich

Th 3:00-6:00

KGH 4302

This course begins by establishing fundamental ways in which ideas differ from other goods. The course then uses these concepts to evaluate the origins of innovation, economic growth, firm dynamics, entrepreneurship, innovation clusters, and the diffusion of new technology. The course introduces both macroeconomic and microeconomic approaches to assessing the "ideas production function", with special attention to the roles of human capital, institutions, and incentive systems. The course emphasizes how the unusual characteristics of ideas can result in social inefficiency, and how the microeconomic and institutional environment influences the gap between private and social welfare. In tandem with theoretical approaches, this course substantially reviews core empirical literature, including methods and data sets that are suited to studying ideas and innovation.

Evaluation is based on a group problem set, a brief referee report on a paper from the class, and a short (3-

5 page) paper proposal relevant to the topics of the class.

While this course forms a sequence with MECS 549-0, either course may be taken as stand-alone material.

#### **MECS 550-3**

Economic Theory III: Doing Research in Economic Theory and Related Areas

Professor Sandroni

Th 6:00-9:00

KGH 4130

This course relies on student presentations of papers and also on informal discussions of ideas. Hence, there are no exams. The main objective is to find good dissertation projects and, hence, facilitate the transition from student to researcher.

The topics depend on students' interest and so, are typically determined in the first and second classes. Some initial suggestions: censorship; diversity and economic activity; selection bias ; psychological games; the theory of mind and its application in game theory; diplomacy; law and economics; networks and communications; the structure of political parties; taxes and endogenous social welfare function.

#### **MECS 560-2**

Dynamic Optimization in Economics

Professor Molavi

F 3:00-6:00

KGH 4302

The course covers the basic models and mathematical techniques for discrete-time dynamic optimization under uncertainty, with an emphasis on applications in economics. It covers dynamic programming, Bellman equation and the principle of optimality in finite and infinite-horizon environments, stopping-time problems, multi-armed bandits, and the Gittins' index theorem. The last week is devoted to an introduction to continuous-time dynamic models.

Evaluation is based on a number of problem sets, a midterm and a final exam. The main textbook is *Recursive*

*Methods in Economic Dynamics* by Stokey, Lucas, and Prescott (Harvard U.P., 1989).

## **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 13: Macroeconomics

Friday July 17: Econometrics

Wed. July 22: Microeconomics

All examinations are held 1:30PM – 4:30PM in room 1410.

Students should note that they are exempt from the prelim exam in any area in which they achieved a GPA of 3.40 or greater in the three first-year classes (e.g. in 410-1,2,3 for the microeconomics prelim exam). Students who are exempt in two areas, and their GPA in the third area is 3.0 or greater, are also exempt in the third area.

### *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 does 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 are grounds for rescinding your TAsip. For the coming year the dates for which you should be in attendance are:

Fall: until Mon Dec 16

Winter: Mon Jan 6 - Mon March 23

Spring: Tues March 31 - Mon June 15

### *Graduate School Deadlines*

Deadlines for students wishing to receive a MA or PhD degree in March.

**January 31:** Application for a Degree.

**February 28:** Completed dissertation and all supporting materials for the PhD degree.

**March 13:** Final examination report and any change of grade forms for the MA degree.

### *Students Funded on NSF Grants*

The National Science Foundation (NSF) requires all students supported by them to undergo training in the responsible conduct of research. This is 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** leads the face-to-face part of the class.

## **Funding Opportunities**

### *NU Dissertation Year Fellowships*

Dissertation Year University Fellowships (DYUF) are usually 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 Manager between February 1 and February 15. This form is available from the Graduate.> Current Student Resources > Frequently Used Forms section of our web site.

### *NU Summer Fellowships*

Summer Fellowships are available to students in years two through five (first year students were notified about summer funding in their offer letter). A signed acceptance form and contract will be submitted in May. More details in the next *Graduate Connection*.

Sixth year (and above) students should note that The Graduate School specifies that Summer University Fellowships are not available for students beyond year 5.

### *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. 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.

One of the necessary conditions for obtaining TGS conference support is the commitment of the department to

contribute \$200 in matching funds to the expenses if a student's application is successful. The Department contributes \$100 from the Eisner account, and requires that the other \$100 is covered by the student's advisor.

### *Overseas Travel*

If you are traveling internationally on professional business, the NU Office of Global Safety and Security (OGSS) asks you to register your itinerary at:

<https://www.northwestern.edu/global-safety-security/travel-policies/graduate-students/index.html>

This will allow practical assistance in an emergency. The website also has informational on international health insurance coverage.

## **Notes**

### *Next Graduate Connection*

Volume 25, number 3 will be published in the week of March 2.