



## A letter from the Chair

Dear Students, Parents, Alumni, Colleagues, and Friends,

When I drafted this letter in early April, I opened with how hard it is to follow Bob Margo as Department Chair after the excellent job he did. But my "complaints" seem small after recent events at and after the Boston Marathon. I won't dwell on the bombing and its aftermath since this isn't the right forum, but as I look back over the year at BU, I cannot ignore such a significant and moving few days. None of us will ever forget the tragedy, but also the bravery and generosity of so many first responders and ordinary folks. All of us, faculty and students alike, learned a lot in the classroom of life those few days.

Turning to the customary topic for this newsletter, the year's developments in the Department of Economics, faculty recruiting was very successful. We hired two outstanding economists, both excellent teachers and researchers. **Samuel Bazzi**, a specialist in economic development, is finishing his Ph.D. at University of California at San Diego. Sam has done fascinating work on the effect of financial constraints on migration in developing countries. **George Georgiadis**, a theorist and experimentalist finishing his Ph.D. at UCLA, will join us after a one year post doc at Cal Tech. His research has focused on understanding the dynamics of teams. Despite the source of these hires, there is no truth to the rumor that we've concluded that surfers make the best economists. We are also hard at work recruiting senior scholars, one in behavioral economics for the Slater Family Chair and one in macroeconomics.

Our faculty continue to garner international recognition. Most recently, the Cliometric Society, an organization which promotes the use of economics in the study of history, named **Bob Margo** as a Fellow of the Society. He is one of just 19 Fellows, joining Nobel Prize winners Robert Fogel and Douglass North. Bob will receive this honor at the World Congress of Cliometrics this summer in Honolulu, leading me to rethink the connection between surfing and economics.

Our undergraduate and MA programs continue to grow rapidly. This year, we admitted a record number of masters students – 146! – from literally all corners of the globe. Our number of undergraduate economics majors also reached new heights, passing 800 for the first time. I take this as a sign of the great appeal economics has, as an area of great intellectual interest, a way to learn about the world around us, and excellent preparation for today's competitive job market.

There has also been big news this year for the university. BU recently joined the **Association of American Universities (AAU)**, a prestigious organization of 62 leading universities in the US and Canada. BU is one of only four universities invited to join the AAU since 2000. The only other Boston area members are Harvard, MIT, and Brandeis.

I extend congratulations to all of the 2013 graduates from BU Economics. You have made this an exciting place to be and we are looking for great accomplishments from you in years to come!

With best wishes,

A handwritten signature in black ink that reads "Barton Lipman".

Barton Lipman  
Chair, Department of Economics



## A Conversation with Ivan Fernandez-Val

### Why did you decide to study economics, and econometrics? Did you always want to be an econometrician, or did that come later?

I was fascinated by the power of the numbers and statistics since I was a child. For my undergraduate studies, I started studying statistics and moved to economics later. I liked the analytical logic of the statistical methods and economics was an interesting and challenging field to apply these methods. In this sense, I would say that econometrics came first and economics came later.

### How has the role of econometricians changed in the field of economics over the last 15 years? How about at BU in particular?

In my view, econometrics has been at the core of the recent empirics trend in economics of bridging the gap between theory and data. Econometrics has played an important role by developing methods to estimate and test richer and more realistic economic models and to develop flexible techniques to uncover causal relationships. This trend has moved econometricians closer to applied economists and farther away from statisticians. For BU, I have not been around for 15 years, but I have observed that the size of the econometric group and the interactions with other group have steadily grown since I am here.

### What professors besides your advisors influenced you the most, and why?

I have been very lucky to have excellent professors throughout my student years. From my undergrad studies back in Spain, a professor that comes to mind is Fernando Tusell from the Basque Country University. He studied at MIT and brought some unusual teaching techniques. I remember expending most days in the computer lab solving problem sets that involved real data analysis and programming in S Plus. These exercises gave me a first taste of doing research. Another important step in my academic career was the master program in Economics and Finance that I took at CEMFI. All the professors there are internationally respected academics that publish regularly in top economic journals. They had an important influence in my decision to pursue a Ph.D. degree.

### What is your favorite part of the research process?

I enjoy all the stages in the research process from discovering new challenging problems to polishing the papers for publication. A part that I find particularly exciting is discussing research ideas with other colleagues and presenting my work in seminars and conferences to receive feedback at early stages of the research process.

### What are your future research plans?

I have several ongoing projects at different stages that I plan to complete in the near future. These projects are mainly on my main research topics to date: nonlinear panel data analysis and quantile regression. Looking ahead, I have been intrigued about some recent challenges in econometrics related to the availability of massive data sets. These data sets provide sufficient information to estimate richer models and to explore important economic questions such as the existence and importance of network effects, but they require new econometric methods.

### Do econometricians have fewer journals to choose from? Do the new AEA and Econometric Society journals help at all?

Yes and no, we do have fewer general interest economic journals to choose as some of them do not publish work in econometric theory, but we have some top statistics journals that publish articles in econometrics but not in other economic fields. Quantitative Economics, one of the new journals of the Econometric Society, has expanded the set of outlets for econometric papers.

### Econometrics is one of the most popular fields for PhD students at BU. There are many students specializing, and many others take classes. Why do you think that is the case?

It is a combination of econometrics being a very exciting field and treating the students very well. For example, we take students out for drinks and dinner with the external speaker of our econometric seminar, which is unusual in other departments. We also put emphasis on our students to meet regularly with the faculty and the external visitors to start discussing their research from very early on.

### You spent last Spring at NYU and Spring 2010 at CEMFI. How did it go? Did you bring back any new ideas for BU?

It was very exciting and refreshing to be out of Boston after more than 10 years living here. The academic experience was also very positive as it gave me the opportunity to interact with colleagues and students from other institutions and to develop new research ideas. I brought a new teaching technique from CEMFI to increase the student participation and involvement in the discussion sessions: students are randomly drawn using a lottery to solve problem sets in the blackboard without any notes.

### What do you like to do in your free time?

I like to go out with friends, watch independent films, and more sporadically attend rock concerts. When I have more time my favorite activity is to travel with friends around the world. So far, I have been in most of Western Europe, Croatia, Russia, Egypt, South Africa, India, and China. I am planning a trip to Southeast Asia for this summer.



# Conversations with...

## Juan Ortner and Francesco Decarolis



### What led you to work in economics?

What led me to study economics is that I wanted to understand the reasons behind the economic problems in my country. I was born in Argentina, a country that experienced many economic crises. I remember reading the newspaper and not being able to understand what journalists and economists wrote about the reasons for these episodes. I wanted to understand what was going on, so I decided to study it! I should say that I ended up specializing in microeconomic theory, so often I still can't understand what is going on.

### You just graduated last year. How is your first year at BU?

So far my first year at BU has been great. The transition from graduate student to faculty has been easier than what I thought it would be. People at BU have been very helpful at making this transition smooth for me. Also, Boston is a nice city to live in, and that definitely helps.

### Can you describe your dissertation work?

In the first chapter of my dissertation I study the problem of a seller who produces a durable good and whose cost of production changes over time. For example, you can think of a firm producing high-tech goods, whose cost of production usually falls over time. The objective is to understand the effect that these changes in costs have on the prices that the seller charges and on the profits he will earn.

Another chapter of my dissertation studies legislative negotiations. There, I'm interested in understanding why lawmakers sometimes have a hard time in reaching agreements that ex-ante would be beneficial for everyone (something that, unfortunately, we are nowadays seeing more and more often!).

### What professor besides your advisors influenced your work? How come?

Besides my advisors, probably the professor that influenced me the most was Stephen Morris. Stephen always pushes students to get the most out of their work. Every time I talked to him about my research he had great comments and suggestions about how to move forward. I was also influenced by many of my classmates, with whom I spent many hours talking about different problems in economics.

### Your CV lists works on durable goods monopoly and bilateral bargaining. These are classic problems in economics. Is it hard to get people interested, or are they always interested?

I think both things are true. On one hand these are classic problems, which people have studied a lot, so there is always interest in learning new things about these topics. On the other hand, since there is a large literature that studies these problems, the tricky part is to convince people that what you are doing is sufficiently different from what has already been studied.

### What do you do with your free time?

In my free time I like to travel, play sports (soccer and squash), watch movies and spend time with friends and with my wife. Since my daughter was born (she will be two years old in May) I also spend a lot of my free time with her!

### What led you to work in economics?

The economic relationships between governments, between individuals and the interaction between the two are a key element of our world. I decided to study economics because I believe such formal training is a fundamental tool for understanding these relationships. In turn, properly understanding these relationships seems a necessary first step toward any attempt at designing better policies. The recent financial crisis has confirmed the importance of well-designed economic policies, but has also revealed how far we are from that goal. Therefore, young generations of BU students should embrace with both passion and humility the study of this incredibly fascinating and difficult subject.

### Your dissertation work was on Italian procurement auctions, and your new project is on competition between health insurance companies in Medicare. What is the link?

I wrote my PhD thesis on a type of auction that various countries, including Italy, use to award contracts for public works. The peculiar aspect of this auction is that the winner is the firm offering the average price rather than the lowest price. Supporters of this mechanism saw it as a solution to the problem of low-ball bids offered by contractors. In this environment, a "strategic" firm will adjust its bid to avoid offering low prices. In my current work I am studying Medicare Part D, a government designed market where insurance firms compete to offer insurance plans for prescription drugs to the US elderly. Because Medicare subsidizes 80% of the plan, firms have an incentive to increase premiums and raise revenues, ultimately resulting in a rapid growth in the overall cost of the program. Both projects require tools from game theory to uncover the effect of government-designed regulations on the strategic response of firms. They also require sophisticated empirical methods to quantify the extent of the problems and assess alternative market designs that could inform policy changes.

### Name a professor besides your advisors who influenced you. How come?

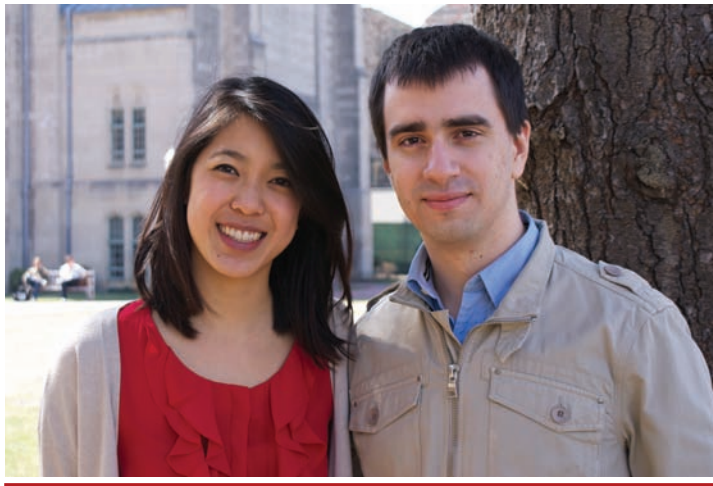
Many professors influenced my research. Among them, there is certainly Jonathan Levin from Stanford University. Despite being relatively young, he has already produced a tremendous amount of very influential studies in the fields of industrial organization and market design. What I particularly appreciate in his work is the very elegant blend of rigorous economic theory and state of the art empirical methods.

### You had your first child last year. How is that going?

Fatherhood is a fascinating experience. Flavia is now one and a half years old and I adore her. Although I had to change the way I organize my time in order to ensure spending enough time with Flavia, thanks to the precious help of my wife I am continuing to pursue my research as much as I did before Flavia was born. Looking back at the last two years, many things changed in my life with the arrival of Flavia and the move to BU, but both of them have been very positive evolutions and I look forward with great optimism at the forthcoming years.

Interviews by Marc Rysman

# A sampling of our undergraduates



**Melinda Ching and Claudio S. De Mutiis**

## **Melinda Ching**

Melinda Ching is originally from San Diego, CA, where she graduated from Mt. Carmel High School in 2009. Entering as a political science major, Melinda switched her major a number of times before deciding to study economics after taking an introductory course to microeconomics with Professor **Bruce Watson**. She quickly fell in love with the mathematical elegance of economics and joined the BA/MA program her sophomore year to further challenge herself. Melinda has also worked as a research assistant through the Economic Department's Mentoring Program, learning about how her studies could be applied outside of the classroom setting.

Throughout her four years at BU, Melinda has been involved in student life by participating in a number of activities. She has worked with the Community Service Center as both a volunteer and a leader for the First-Year Student Outreach Project, an educational program that provides incoming students the opportunity to perform a week of service before classes begin. During her senior year, Melinda was a co-program manager for BU's Student Food Rescue, a food salvage organization that picks up donated food from bakeries, restaurants, and grocery stores and drops it off at recipient sites around the Greater Boston area. She is also a CAS Dean's Host and speaks with prospective students and their families about student life at BU. Outside of school, Melinda enjoys staying active by running, rock climbing, and hiking.

After graduation, Melinda will be working as a project manager implementation consultant for Epic, a health care software company located in Madison, WI. She is looking forward to learning more about the health care field and gaining work experience.

## **Claudio S. De Mutiis**

Claudio S. De Mutiis grew up in Rome, Italy, where he attended L.S.S. Amedeo Avogadro for four years and L.S.S. Augusto Righi for his final year of high school. During this time, he developed a deep interest towards the natural sciences, Physics and Mathematics in particular. He took part in the 2007/2008 Physics Olympics, where he managed to rank third in Rome and its province. He graduated from high school in 2008 and prepared to move on to the next phase of his life.

Claudio traveled to Canada and US, where he took courses of preparation for the TOEFL and SAT exams. Thanks to the engaging environment provided by international schools, he had the chance to meet plenty of friends with whom he shared experiences and learned about other people's life paths and points of view. This enriching and multiethnic atmosphere motivated Claudio to apply to Boston University for his undergraduate studies.

During his first years at BU, Claudio decided to double-major in Economics and Physics, while minoring in Mathematics. Claudio sees his studies as a way to understand the universe around him through the power and beauty of elegant equations and mathematical models.

Claudio took advantage of the 2011 summer to participate in research concerning the experimental and theoretical investigation of superconducting and magnetoresistive materials with Professor George Zimmerman in the BU Physics department. Since September of 2012, Claudio has a paid job as a research assistant at the BU Institute for Astrophysical Research. He is part of a research group directed by Dr. Alan Marscher, where he does microwave imaging of the jets of blazars (quasars and other active nuclei of galaxies where a relativistically moving jet of plasma is pointing almost right at Earth). Claudio works with data obtained with the Very Long Baseline Array, which is a system of ten radiotelescopes that are operated remotely from their Array Operations Center located in Socorro, New Mexico, as a part of the National Radio Astronomy Observatory.

After graduation, Claudio intends to pursue his graduate studies in computer and electrical engineering, and eventually go into the fields of artificial intelligence, machine learning and statistical pattern recognition.

## **Brooke Howat**

Brooke has spent most of her life in Bloomsburg, Pennsylvania. She graduated from her high school as captain of the debate team and aspiring International Relations major.

From the time she was eight she knew that she would go to school in Boston, and the sense of community that she got from Boston University solidified her decision to come here. While taking EC 101—Introductory Microeconomic Analysis with Professor **Bruce Watson** she decided to switch her major and study economics after being inspired by his talk on how everything in our lives is determined by economics.

While she has learned a lot from all of her economics courses at BU the two that have had the biggest impact on her are Professor **Kevin Lang**'s Economics of Poverty and Discrimination in the United States, which instilled her with a great passion for social justice, and **Jeremy Smith**'s Environmental Economics, which encouraged her to pursue a minor in Environmental Analysis and Policy.

While at BU Brooke was active in the Community Service Center, where she participated in the First Year Student Outreach Project all four years, volunteered with the Wizards and Joining Hands programs, and was an Alternative Spring Break Coordinator for a trip to Macon, Georgia. She has also been involved with the BU Admissions Ambassadors as well as the College of Arts and Sciences Dean's Hosts. Additionally she has had several internships, the most recent at the EcoLogic Development Fund, a Cambridge based nonprofit. In September, Brooke will begin pursuing a Masters of Science in Urban Policy with focuses on economic development and sustainability from Northeastern University.



**Yumeng Xue, Jielin Yu, and Brooke Howat**

### Yumeng Xue

Yumeng Xue is an international student from Beijing, China. She will complete the joint degree program in Economics & Mathematics in May 2013. According to Yumeng, "Boston University has provided me with great opportunities and freedom to explore my academic interests". Along the way, she discovered her passion for economics, and has developed a broad knowledge to analyze social problems. She also learned a set of analytical skills, such as economic reasoning, computational programming, and empirical data analysis.

In her senior year, Yumeng conducted an independent study with Professor **Kevin Lang** and wrote a thesis for an honors degree. The research focuses on the impact of student loans on students' career development. The experience of writing a thesis allowed her to synthesize the knowledge, skills and way of thinking that she has learnt by studying economics. In this highly diverse campus, Yumeng has also made many friends from all over the world. After graduating from BU, Yumeng is going to graduate school at Columbia University. With further education, she hopes to be able to make contributions to the field of social science in the future.

### Jielin Yu

Jielin is pursuing a degree in economics, as well as in biochemistry and molecular biology. Although he entered college determined to become a physician, his curiosity led him to explore a wide variety of the courses offered at BU, and led him to become an economics major. As he delved deeper into the field as an upperclassman, he began to realize how his fascination with economics coincided with his interest in medicine. He was able to use the skills and the unique perspective gained from studying economics in a study on PET/CT usage and efficacy in patient populations conducted at Boston Medical Center. He will be attending medical school next year.

## Supporting Economics through the BU Annual Fund

Many donors choose to give to Boston University through the annual fund but direct that the funds be used for the Department of Economics. Donors wishing to learn more should contact Steve Kean (skean@bu.edu) or the Department Chair, Barton Lipman (blipman@bu.edu). Information on donating to the department can be found at <http://www.bu.edu/econ/department/donations/>.

## Undergraduate Economics Association



The current executive board of the UEA: **Cassandra Chin** (VP of Operations, BA Economics & Political Science '14), **Federico Mele** (Executive VP, BA '15), **Fadi Humaid** (President, BA Economics & BS Business Administration '13), **Massimiliano Hasan** (VP of Information Technology, BA Economics & International Relations '14), and **Daniel Currie** (VP of Editorial Content, BA Economics & BS Business Administration '14).  
Not pictured: **Beixi Zhou** (VP of Marketing, BA/MA '14).

Boston University's Undergraduate Economics Association (BU UEA) is a collection of economically-minded undergraduates dedicated to developing an affinity for economics beyond the classroom.

This year, under the tutelage of President **Fadi Humaid**, the UEA restructured the club so that it provides three kinds of intellectual and career development for its members: articles, presentations, and events.

Students are encouraged to write articles on economic topics in order to showcase their knowledge about economics and their ability to construct logical arguments. Articles are published on the UEA website (<http://buuea.com>) and are rated by readers on a one to five star scale. Twice a semester, the club awards a winner of the Article Competition based on an equation the Vice President of Marketing created, as shown in the BU UEA Constitution that is provided on the website. In the semester of Fall 2012, **Ben Denis Shaffer** (BA Economics & Mathematics '15) and **Jeevan Parameswaran** (BA Economics & Mathematics '15) received awards for their outstanding articles.

Recognizing that not all people prefer to write, the Undergraduate Economics Association has created a forum for presentations to share with the club at the general meetings on Tuesdays at 7 PM. By preparing these talks, members practice their research and presentation skills. Presentations also aim to incite a lively discourse at the meetings, which further improves upon members' abilities to coherently vocalize their opinions.

Last, the UEA organizes events that expose members to interesting areas in economics and that help prepare members for their careers. Last semester, the club co-hosted a speaker panel on the European Union Crisis featuring Economics Department faculty members Professor **Christophe Chamley** and **Jordi Jaumandreu**, as well as faculty from other BU departments. The event was attended by 70 people studying a variety of subject areas, ranging from international relations to economics. Later in the semester, the Ambassador of Bangladesh in Switzerland and Vatican City and the Permanent Representative of Bangladesh in United Nations Organizations in Geneva, Vienna, and the WTO, H.E. Mr. Md. Abdul Hannan, spoke to the undergraduates about the multilateral trading system's effects on least developed countries. The semester was rounded out with a visit from Fabiana Perera, who advised our members of the economic internship opportunities available through the BU Washington, D.C. program.

# College Prize for Excellence

Each year, the Department chooses one or more exemplary undergraduate students for the College Prize for Excellence in Economics. These awards recognize students who have shown great achievement in economics, commitment to the field, and a deep passion for learning. This year's recipients are Sam Leone, Caitlin Utterson, and Daniella Sehgal.

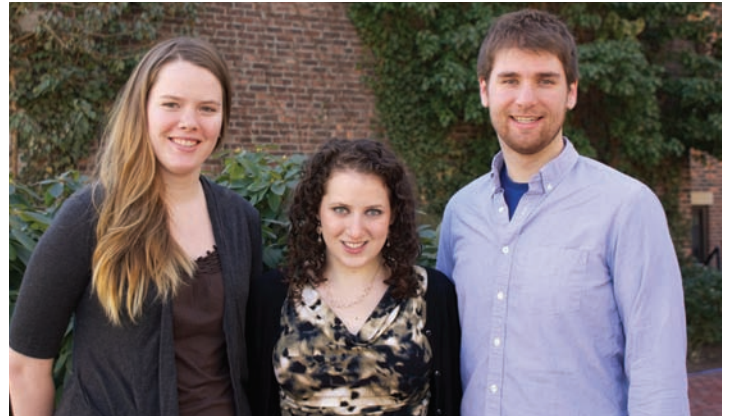
## Sam Leone

Sam Leone is graduating with a joint BA/MA in Economics along with a minor in Arabic. While at BU, Sam has been a perennial member of the International Affairs Association (the umbrella group for competitive Model United Nations), and this year had the honor of serving as its President. He has also been involved in a number of education-related community service activities over the past four years—from tutoring local middle school students and teaching English at a Palestinian refugee camp in Beirut, Lebanon, to founding an organization called Global Civics that gives short lessons on geopolitics in Boston high schools.

Sam's past internships include stints with the United States Senate in Washington, DC, and Amnesty International in Rabat, Morocco, as well as time performing research on campus for Ambassador Charles Dunbar. Last summer, he worked on economic sanctions issues at the U.S. Treasury Department, and his senior honors thesis is also focused on sanctions policy, specifically the effectiveness of targeted asset seizures and travel restrictions. Next year, he will be teaching high school math in Dallas, Texas, as a Teach For America corps member, and after completing his two years of service, he hopes to pursue a Ph.D. in Behavioral Economics.

## Caitlin Utterson

Along with her major in Economics, Caitlin Utterson minored in Biology and History. Over her four years at BU, she was involved with the Marsh Chapel Choir, CAS Dean's Hosts, the Honors Program and held leadership positions with Intersarsity Christian Fellowship and the Core Curriculum, including serving as the Core House RA in South Campus. During her free time, she enjoys BU sporting events (especially ice hockey), biking around Boston, beer-tasting, and reading *The Economist*. After graduation, she plans to work in community development and microfinance, public health, and healthcare management at Galmi Hospital, on the edge of the Sahel Desert in Niger.



This year's recipients of the College Prize for Excellence: (from left) Caitlin Utterson, Daniella Sehgal, Sam Leone

## Daniella Sehgal

Daniella grew up participating in many community service projects not only throughout the NY-NJ area but also in the underdeveloped areas of Eastern Europe. Her commitment to social activism inspired her to study economics with a focus on public policy development at Boston University. Daniella entered the BA/MA program as a sophomore. Her coursework in BU's Department of Economics provided her with a quantitative, analytical approach to her work. Microeconomic classes in Antitrust, Labor, Behavioral, Applied Health Economics and the guidance of Professor **Randy Ellis**, helped her realize the direct implications of economic theory specifically on individual behavior and policy design.

Daniella incorporated a course of study at the London School of Economics into her academic program at BU and had the opportunity to apply her skills through an internship at the Federal Trade Commission. These experiences also led to research on domestic health care policy. After graduation Daniella will continue with health care research in the private sector.

Daniella's time at BU was highlighted by her social involvement on campus. She was an active member of Hillel and served on the Religious Life council. Through Hillel she coordinated and participated in intercollegiate events uniting Jewish students in the Boston area. After four years at BU Daniella has come to appreciate the wisdom and embrace the philosophy of her freshman Intro to Microeconomics professor, "Economics is a way of thinking about the world and not just an academic subject."

# College Fed Challenge 2012

The College Fed Challenge is a regional competition hosted by the Federal Reserve Bank of Boston each year. Teams from various colleges in the northeast compete and the winner advances to the national competition, to be held in Washington D.C. Each team is tasked with giving a 15-minute presentation covering current economic conditions, major issues facing the economy, and monetary policy recommendations. Teams are judged on the quality of information, presentation, and their responses to the judges' questions.

The Boston University team works diligently each fall preparing for the competition, which takes place in November. There is a heavy emphasis on teamwork, presentation skills, and compiling knowledge of current economic conditions and policies. The team's performance has improved steadily each year and team members hope that the team will continue to grow as an educational and inspiring extracurricular activity for students interested in economics and monetary policy.



This year's BU College Fed Challenge Team – Urbashee Paul, Michael Clawar, Allie Cole, Guy Aridor, Sandeep Chandrasekhar, and Kyle Peabody – accept a certificate from a representative of the Boston Fed.

# The Master's Program: Focus on Students and Alumni

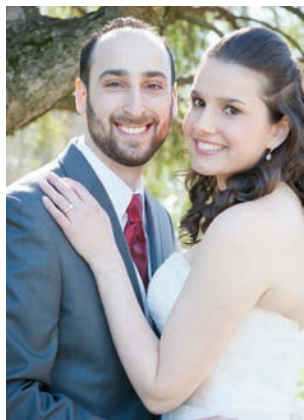
## Alumni Contributions to Prizes for Academic Excellence

*In recent years the Economics Master's Program has grown not only in numbers, but it has been marked by rising intellectual and academic standards. The excellent and highly qualified students who graduate with our MA, MAEP, MAGDE, BA/MA and MA/MBA degrees each year have been richly and deservedly rewarded by superior placements in the job market and other postgraduate pursuits. Nonetheless, at the time of their graduation it will be fitting to offer individual students some internal recognition for their outstanding academic achievements. Such recognitions will be especially meaningful if they come through the generosity and goodwill of MA alumni and their families.*

*Our dream of establishing MA prizes became reality this spring thanks to the munificence of two economics alumni, **Randy Cohen (BA/MA Economics 2007)** and **Brian Herr (BA Economics 1999, minor Business Administration)**. Their combined donations enable us to plan for the award(s) to be given in the near future. Randy Cohen's gift was boosted by a matching contribution from UBS Investment Bank, his employer. In addition to his prior gifts, Brian Herr wants to encourage other alumni to follow his lead in this good cause by offering to match their donations up to the threshold of \$2000. Thus a small gift from each and every alumnus/alumna will help provide a prize pool that will benefit Master's students for years to come.*

### Randy J. Cohen

**Randy Cohen** was originally from Commack, NY. He entered Boston University in fall 2003, as one of the youngest members of the CAS Honors Program. Economics captured his interest after he took EC111 (Honors Introduction to Microeconomics) with Professor **Hsueh-Ling Hyunh**, and he was later admitted to the BA/MA Program. After graduating in 2007 Randy has been working as a Product Controller at UBS Investment Bank with stints in London, Stamford, CT and New York. While working in New York he met BU alumna **Kimberly Lescher** of Simsbury, CT, who graduated from the School of Communications in 2008. She started her career in advertising with the firm Ogilvy & Mather, and since 2010 has been employed as the Intergrated Marketing Manager at the UJA-Federation of New York.



Randy and Kimberly wed on November 4, 2012 at the Riverview in Simsbury, CT. In one of life's most precious moments they remembered their alma mater. To celebrate the occasion Randy made a generous donation to the Department of Economics, with the express wish that his gift be used to establish an award for Academic Excellence in the Economics MA Program. He said: "I am forever grateful for my experiences in the MA program, and I encourage others not only to excel in their own endeavors but also give back to their communities."

For our prospective graduates Randy offers these thoughts: "Looking back at my time at Boston University, I value the most the skills in research and analysis that I learned and developed in the economics MA program. The ability to source and analyze large amounts of data, and then to draw useful conclusions, definitely sets the MA graduate apart from the rest of the field. Today's job market puts great emphasis on specialization or experience in the area where you look for employment. I would encourage all students to seek out internships or additional research opportunities that will render you more marketable. Working with the University's career center, and the staff and faculty of the Economics Department, is a great start in finding that right experience that will make you stand out as a job candidate. Also, the value of the degree is not confined to the hard skills one acquires but in the alumni network. Being connected to a trusted group of colleagues across many fields and at various stages of their careers can be very helpful for someone seeking advice and contacts for further career development."

### Brian Herr



**Brian Herr** graduated from Boston University in 1999, with an undergraduate degree in Economics and a minor in Business Administration. Preparations for a career in finance already started in earnest when Brian was a student, as he interned at Stax Research in Cambridge, MA and worked for Paine Webber on the floor of the American Stock Exchange in the summer. After graduation he joined the fixed income department of Brown Brothers Harriman in New York, and in 2006 moved to the asset management division of Credit Suisse. There he

worked as a structured credit trader, dealing in CDO's, RMBS's and other esoteric asset classes. When the financial crisis came in 2007/2008, Brian found himself in the eye of the storm. Within a few months the uneventful trading of fixed income securities previously considered to be investment grade turned into the world's largest market for distressed assets. Rising to the opportunity presented by this development, Brian and his colleagues orchestrated an amicable spin-off from the distressed hedge fund business of Credit Suisse in 2010. They formed Candlewood Investment Group, where Brian is the Structured Credit Portfolio Manager. In 2011 they launched the Candlewood Structured Credit Fund ("SCF") and after its successes (up more than 20% in 2012) the Candlewood Structured Credit Harvest Fund ("Harvest") was added. By mid-year 2013 the structured credit assets under Brian's management from the two funds are anticipated to be in the range of 1.3-1.5 billion dollars. SCF was closed to new investors in 2012 and Harvest is expected to follow suit this year.

As a good alumnus, Brian reached out to his alma mater and the Economics Department in the fall of 2011. He joined the panel at the MA Career Information Meeting in October, and returned for a second appearance in 2012. MA students enjoyed his valuable advice and the time he graciously spent talking with them during the receptions. Reflecting upon his engagement with MA students and alumni, Brian said: "I would like to thank the Economics Department, and in particular Professor **Hsueh-Ling Hyunh**, who have really opened their doors to me and given me the opportunity to participate in such terrific events. Everyone in the department has been very helpful in enabling alumni like myself to interact with current students, and providing a great platform to share post-graduate experiences. One of the things I have learned since graduating from BU is the health and reliability of the alumni network. It is a tremendous resource for students, and they should leverage it throughout their career."

## Highlights from the MAGDE program

Global Governance, Economic Development, and Human Rights in Geneva (BU Summer Abroad Internship Program)



*Sai Yau Li (MAGDE '13, left), Rachel Batiancila (MAGDE '13, third from right), and Benedict Ko (MAGDE '13, right) are seen here with other participants of BU Study Abroad's Global Governance, Economic Development, and Human Rights Program in Geneva.*

### G24/IMF Discussion Paper

Rachel Batiancila (MAGDE '13), Charles Hall (MAGDE '13), Benedict Ko (MAGDE '13), Sai Yai Li (MAGDE '13), and Timothy Shipp (MAGDP '13) traveled to Washington, DC to present their Capstone research project at the International Monetary Foundation on December 13, 2013. The paper, titled "Carrying the Burden: Regulating the Carry Trade in Industrialized and Developing Countries", explores the suspected role of the carry trade on destabilizing volatile capital flows to and from emerging market and developing countries and how these volatile flows could be mitigated through various institutional means.

## Donating to MA Prizes for Academic Excellence

Brian Herr made generous donations to the Economics Department in both 2011 and 2012. When he heard that we are seeking funds to provide for prizes for academic excellence in the MA Program, he rose to the occasion. He said: "Some formal recognition can go a long way in promoting healthy competition amongst students. It allows those who excel to get an extra little bit of notice from their peers, and provides a notable bullet point for their resumes as they head out into the workforce. I invite and challenge other alumni to join me in supporting this effort, and offer to match their contributions up to \$2000 in addition to what I have given. My hope is that this will not only raise more fund for the MA prizes, but broaden and energize the alumni community."

If you would like to donate to the MA Prize Fund and meet Brian Herr's challenge, or support other worthwhile activities and initiatives in the MA Program, please contact the Department Chair, Barton Lipman (blipman@bu.edu) or the Director of Master's Program, Hsueh-Ling Huynh (hlhuynh@bu.edu).

## MA Alumni Leadership Council

The Economics Department and Institute for Economic Development honored the contributions of the MA Alumni Leadership Council at a dinner on December 1, 2012 at The Elephant Walk. The Alumni Leadership Council has proved an invaluable resource for the MA students, generously donating their time and expertise to assist students in their job searches.

In addition to the alumni attending the dinner, **John Affleck** (MA '00, International Economist at Property and Portfolio Research), **Greg Brown** (BA/MA '05, Securities Compliance Examiner at U.S. Securities and Exchange Commission, Boston Regional Office), **Jessica Nicholson** (MA '03, Economist at the US Department of Commerce's Economics and Statistics Administration), and **Fei Rong** (MA/EP '08, Senior Analyst at McKinsey & Company) were also honored.



*Clockwise from back left: Michelle Meyer (BA/MA '04, Senior US Economist at Bank of America Merrill Lynch), MA Programs Director Professor Hsueh-Ling Hyunh, IED Director Professor Dilip Mookherjee, Economics Professor Kevin Lang, Michael Kheyfets (BA/MA '07, Senior Consultant at Edgeworth Economics), Joseph Kung (BA/MA '04, Assistant Vice President at Deutsche Bank Group), IED Administrative Manager Eleanor Langdon, Charles Tao (MA '08, Consulting Analyst at Quintiles Consulting), Ashley Seamans (MA '10, Manager of Business Strategy at Rapid7), Economics Department Chair Professor Barton Lipman, and Rebecca Wildner (MA '09, Analyst at Abt Associates, Environment and Resources Division).*



*Ashley Seamans and Charles Tao show off awards honoring their contributions to the MA Alumni Leadership Council and its activities.*



## Winning the "The Crisis Game"



On Friday, February 1, 2013 eight BU students participated in The Crisis Game, an event hosted by the Brandeis chapter of NABE and sponsored by The NABE Foundation. The competition provided students with the profile of an imaginary developing country, and then challenged them to develop a strategy to deal with a crisis. Two BU teams and three Brandeis teams competed for first prize: sponsorship to the 2013 NABE Economic Policy Conference in Washington D.C., an internship at IHS Global Insight, and recognition of their exemplary solution, both in terms of economic soundness and presentation style.

**Rishi Chakraborty** (MA '13), **Michael Clawar** (BA Computer Science & Mathematics '16), **Urbashee Paul** (BA '14), and **Ignacio Rodriguez** (MA '14) won the competition (pictured above). Another BU team, **Steve Wu** (MA '14), **Xiao Yang** (MA '14), **Yike Zhang** (MA '14), and **Haiqing Zhao** (MA '14), also competed.

The judges were **Sarah Johnson**, a senior Research Director of Global Economics with IHS Global Insight; **Stuart Mackintosh**, director of the Group of Thirty; **Olaf Unterberdoerster**, Deputy Chief of the IMF's Regional Studies Division for the Asia Pacific Region and a graduate of Brandeis International Business School; and **Jeffrey Fuhrer**, Executive Vice President and Senior Policy Advisor at the Federal Reserve Bank of Boston.



**Greg Brown** (BA/MA '05, Examiner at US Securities and Exchange Commission) and **Jessica R. Nicholson** (MA '03, Chief at U.S. Bureau of Labor Statistics (BLS) Division of International Technical Cooperation) also shared their experiences with students.

## MA Career Information Meeting



Master's students listen intently to the alumni panelists at the MA Career Information Meeting on October 12, 2012 in CAS 522. Students had the opportunity to ask the panelists questions during a Q & A session, and later during a reception at the BU Castle.



**Rebecca Wildner** (MA '09, Analyst at Abt Associates, Environment and Resources Division), **Gina Sverdlow** (MA '07, Consumer Insights Analyst at Forrester), and **Emma Lynch** (MA '12, Catastrophe Modeling Analyst at Allstate) sat on the panel.



**Eric Cheung** (MA '07, Associate at Cross Asset Marketing team at J.P. Morgan), standing center, answers a question as fellow panelists **Nicolai Jakobsen** (MA '11, Manager at Energy Intelligence, Power Advocate), **Faina Rozental** (BA/MA '11, Sales and Training Officer at OECD), **Lily Li** (MA '10, Research Analyst at Federal Reserve Bank of St. Louis), and **Darren M. Lowe** (MA '10, Analyst at Nyes Ledge Capital Management, LLC) look on. The panel also included **John Affleck** (MA '00, International Economist at Property & Portfolio Research), **Chanrithea Bun** (MA '11, Project Manager at Commercial Credit Analytics), **Brian Herr** (BA '99, Portfolio Manager at Candlewood Structured Credit Hedge Fund), **Kristina Kelly** (BA/MA '08, Energy Consultant at DNV KEMA), **Vivek Mani** (MA 2005, Manager at Cornerstone Research), and **Charles Tao** (MA '08, Consulting Analyst at Quintiles Consulting).

## Department of Economics Donors

*The Department of Economics expresses its gratitude to the following individuals and institutions who donated to the department (April 2012 through March 2013):*

Christopher R. Abayasekara and Charmalie L. Abayasekara, Robert W. Bashian and Eleanor L. Bashian, Randy J. Cohen and Kimberley A. Lescher, Barden K. Conn, Patricia M. Flynn and Peter B. Doeringer, Jordi M. Gasso and Gloria M. Gasso, Eugene B. Gendel, Brian T. Herr, Elaine M. Hill, Richard W. Hill and Anne K. Hill, Vera G. Kurlantzick and Robert Kurlantzick, Zhouer Lin, Laila N. Marouf, Ka Ki Pun, Sylvia H. Vallat and Brent Vallat, Janet M. Wilkinson and Jeffrey Wilkinson, Weisha Yin, UBS, and Wells Fargo Bank.

## Editorial Boards

The academic stature of our faculty is illustrated by the large number serving on editorial boards of top journals, including a number that serve as principal editors or co-editors.

**Marianne Baxter** (Journal of Monetary Economics), **Peter Doeringer** (International Labour Review, MassBenchmarks), **Randy Ellis** (Journal of Health Economics), **Larry Epstein** (Journal of Risk and Uncertainty, International Journal of Economic Theory), **Ivan Fernandez-Val** (Journal of Econometric Methods, Econometrics Journal), **Simon Gilchrist** (American Economic Journal: Macroeconomics), **Jacob Glazer** (Journal of Health Economics), **François Gourio** (Journal of Monetary Economics, Journal of Money, Credit, and Banking), **Todd Idson** (Journal of Sports Economics), **Robert King** (Journal of Monetary Economics), **Kevin Lang** (Labour Economics, Eurasian Economic Review), **Bart Lipman** (Econometrica, Theoretical Economics), **Albert Ma** (International Journal of Environmental Research and Public Health, Pacific Economic Review), **Bob Margo** (Quarterly Journal of Economics, American Economic Journal: Applied Economics), **Jianjun Miao** (Annals of Economics and Finance, Economic Theory, Journal of Mathematical Economics, Macroeconomic Dynamics), **Dilip Mookherjee** (American Economic Review, Journal of Development Economics), **Andrew Newman** (BE Press Theoretical Economics, Journal of Development Economics), **Claudia Olivetti** (Macroeconomic Dynamics, Labour Economics, European Economic Review), **Daniele Paserman** (Journal of the European Economic Association, Labour Economics), **Pierre Perron** (Econometrics Journal, Journal of Time Series Econometrics, Revista de Econometria, Economia Applicada, Actualite Economique), **Zhongjun Qu** (Econometrics Journal), **Marc Rysman** (International Journal of Industrial Organization, Rand Journal of Economics, Review of Network Economics, Journal of Industrial Economics), **Ingo Vogelsang** (Journal of Regulatory Economics, International Economics and Economic Policy, Review of Network Economics, Netzwirtschaften & Recht, Information Economics and Policy, Latin American Economic Review).

## Teaching Awards



*Eyno Rots and Sarah Kroeger were recognized for excellence in teaching.*

The first award is for the best Teaching Fellow of the year. It is meant to recognize excellence and dedication and is awarded by the Graduate School of Arts and Sciences upon a nomination by the Department. The recipient is honored at a special reception given by the Graduate School. In nominating this year's winner, **Sarah Kroeger**, the Department is happy to recognize her excellent work, enthusiasm and dedication in carrying out her teaching duties. By all accounts, Sarah was a very effective discussion leader, and students appreciated the time and effort she put into her work as well as her enthusiasm. Sarah is also a very promising young labor economist whose research investigates the impact of offshoring on the wage structure of the U.S labor market, a very relevant topic in the public discourse and in the academic literature.

The second award is the Gitner prize for excellence in teaching undergraduates by a PhD student. The award is meant to go "to a Graduate Student who excels as the most exemplary teacher of undergraduates within the Department of Economics." It recognizes long-term excellence in a variety of teaching services including TF, instructor in CAS courses, and MET instructor. This year's award is given to **Eyno Rots** for his excellent teaching performance in CAS courses and other assignments. Eyno served as a dedicated TF over the years and was a great teacher for undergraduate courses in macroeconomics and industrial organization. Eyno's research studies the effect of macroeconomic uncertainty on the housing market and mortgage foreclosures. Allowing for macroeconomic uncertainty helps explain the time patterns of default rates and housing prices observed in the recent recession.

This year's winner of the Gitner Prize for Excellence in Undergraduate Teaching is **Kevin Lang**. Professor Lang has taught for many years one of the most popular of undergraduate classes, Economics 325, "Economics of Poverty and Discrimination in the United States," and is the author of widely praised 2007 book on the subject titled, "Poverty and Discrimination." Students praise Professor Lang's profound knowledge of the subject and his heartfelt desire to share his scholarship with his students.

This year's winner of the Neu Family Award for Teaching Excellence in Economics is **Jordi Jaumandreu**. For years, Professor Jaumandreu has taught a number of courses for the department, including EC201 Intermediate Microeconomic Analysis and EC332 Market Structure and Economic Performance, receiving uniformly high praise from his students for his ability to clearly present complex models and to show their usefulness and applicability to real-world problems, as well for his personal warmth and his accessibility to his students. Congratulations to Kevin and Jordi!

# A Conversation with Daniele Paserman



## What attracted you to economics?

My experience is probably similar to that of many others: I really wanted to do something else (in my case, statistics), but my parents convinced me that I should also do something that would be “useful in life,” so I ended up in economics. But soon I became fascinated by the elegance and analytic rigor of economics: with a few simple assumptions, it’s possible to derive an extremely rich set of predictions about how our society operates.

## You work in several areas. For example, you have written on education, gender differences and the Israeli-Palestinian conflict. Is there something that ties these topics together for you?

Much of my work on labor economics is driven by an attempt to understand the sources of inequality in our society. Even though my areas of research may appear disjoint, a common underlying theme is equality of opportunity: how much are economic outcomes affected by the environment you grow up in; the schools you attend; your parents’ socioeconomic status, and your gender? This has led me to study the effects of neighborhoods and immigrant enclaves on socioeconomic outcomes; peer effects in the educational system; intergenerational mobility in the US; and gender differences in competitive environments, and in the political arena.

As for my work on the Israeli-Palestinian conflict, it is hard to avoid those issues when living in Israel, and I realized that I had many of the methodological tools that could be used to answer some key questions (Does violence beget violence? What effect do suicide attacks and targeted assassinations have on future violence? Can militant factions use violence to win public support?), that previously had not been addressed with sufficient analytical rigor.

## Name a professor besides your advisor that heavily influenced you. How come?

I had the fortune of having Joshua Angrist (now at MIT) as my undergraduate advisor at Hebrew University. He has had a huge influence not only on me, but on a whole generation of researchers, leading the “credibility revolution” in economics: credible research emphasizes the identification of causal effects, thanks to the particular care that is put in developing a research design that makes it possible to give a causal interpretation to one’s findings.

## Congratulations on being promoted to full Professor this year! How did the process go for you?

Fortunately, it all went very smoothly, and I received notification of my promotion a lot sooner than I expected. I have to thank Bart Lipman and Robert Margo (the current and former chairs of the Economics Department) for being incredibly efficient, and making it all go so easily.

## You moved from Hebrew University to BU 6 years ago. What are some big differences for you as a professor?

The main difference is that the BU students are substantially younger (Israeli students start college after three years mandatory military service). As a result, the BU students are more polite, and more respectful of their professors. Perhaps because they are older, the Israeli students are more opinionated (or maybe this is just a cultural thing): it happened more than once that a student would interrupt me in class, insisting that what I was explaining was incorrect! This can be a nuisance,

but sometimes also leads to lively class discussions. And isn’t that what college should be all about?

## What is a future research project that you are excited about?

I am currently working on a couple of project about women in leadership positions. There is often talk about women being less competitively inclined than men, and this hinders their advancement in their jobs and careers. There is also by now a large amount of research showing that women tend to shy away from competition. At the same time, competitiveness is not necessarily the only trait that is needed for success, and there are contexts in which it is actually more important to be cooperative, to work together for the common goal: these are traits that are more commonly associated with women. However, we know much less about gender differences in cooperative behavior. My project aims to shed light on this issue by studying the behavior of U.S. Congress members. This is a setting where cooperation is critically important, and also quite easy to measure. The preliminary results are somewhat surprising, but you will have to wait a bit for those.

## As an expert on education and labor markets, do you have any advice for our graduating seniors? Look for a job, or go for an advanced degree? The job market still doesn’t look too great, but many are wary of tacking on extra student debt for graduate school.

Good question. Sometimes people object to the economists’ calculation of the returns to going to college, because there is much more to college than can be accounted for using a simple cost-benefit analysis. But graduate school is clearly a form of professional training so there is much more justification to viewing it as an economic investment. If we look at the current data, the answer is really unambiguous: on average, graduate school pays off, big time. Even if you need to take out a loan to finance it, and you have some extra debt in the early stages and even if your first job straight out of school is not exactly the lifelong career job you (or your parents) dreamed about.

But I wouldn’t be a self-respecting economist if I didn’t have an “on the other hand” comment to follow. The key part of the previous sentence is “on average:” for the average student going to the average graduate school, the investment pays off. But it makes a difference if you’re getting an MBA at Harvard (or BU!), or if you’re getting a professional degree in a much lower-paying field from a lower tier school. And quite a few people do very well for themselves even without earning a graduate degree.

Ultimately, though, college is just the first step in a journey that people go through to discover their identities, interests and passions. The journey goes on beyond the college years, and all I can wish for our graduates is that they don’t stop discovering and exploring. Going back to my Italian roots, I will close with a quote by Dante: “You were not made to live as brutes, but to follow virtue and knowledge.”

# Rosenthal Memorial Lecture

Every year, the faculty, students and staff in the Economics Department commemorate the legacy of Robert (Bob) Rosenthal — a superb scholar and a great colleague and teacher, who passed away in February 2002. The lecture series is described at <http://www.bu.edu/econ/events/rosenthal/>, which provides a link to a tribute to Rosenthal's research by **Roy Radner** and **Debraj Ray** in a 2003 issue of the *Journal of Economic Theory*.

The 2013 Rosenthal Memorial Lecture was given by Professor **Philip J. Reny** from the University of Chicago. The lecture was titled "Sequential Equilibria of Multi-stage Games with Infinite Sets of Types and Actions". The usual way of predicting what will happen in a strategic situation is to find an "equilibrium". In a classic article, David Kreps and Robert Wilson proposed the notion of sequential equilibrium to analyze dynamic games, that is, strategic situations where players choose actions sequentially rather than simultaneously. Since its publication in 1982, this equilibrium notion has been widely used by researchers in the social sciences to study strategic situations. However, a fundamental difficulty is that this notion applies only when the strategic interaction is "simple" enough. For complex situations, such as those where players have many actions available, there is no generally accepted notion of sequential equilibrium. This is a major difficulty, as it limits the complexity of strategic interactions that can be studied. From this point of departure, Professor Reny's lecture focused on the technically challenging but crucial task of providing a definition of sequential equilibrium that applies to "complex" games. Using carefully chosen examples, Professor Reny highlighted the difficulties of extending the scope of sequential equilibrium, leading up to a broader definition. This is best viewed as a contribution to general techniques, rather than specific applications, in the hope that these techniques will equip researchers in the social sciences with new tools to study complex strategic interactions.



The outstanding lecture series has been supported by the members of the Rosenthal family and other donors. The Department of Economics thanks them for making this lecture series possible.

Prior lecturers have been **Raquel Fernandez** (New York University) in 2012 on "Women's Rights and Economic Development", **Eric Maskin** (Institute for Advanced Study) in 2011 on "Elections and Strategic Voting: Condorcet and Borda.", **Douglas Gale** (New York University) in 2010 on "Decision Making Under Uncertainty: Nonstandard preferences and/or Bounded Rationality?"; **Andrew Postelwaite** (University of Pennsylvania) on "Effecting Cooperation" in 2009; **Ariel Rubinstein** (Tel Aviv and New York Universities) "On the Pragmatics of Persuasion: A Game Theoretic Approach" in 2008; **Alvin E. Roth** (Harvard University) "What Have We Learned from Market Design?" in 2007; **Jean Tirole** (Institut d'Economie Industrielle, Toulouse, and MIT) "Economic Incentives, Self Motivation, and Social Pressure" in 2006; **Robert Porter** (Northwestern University) "Collusion and Auctions" in 2005; **Roy Radner** (New York University) "A Strategic Analysis of Petty Corruption" in 2004; and **Robert Wilson** (Stanford University) "Stable Equilibria" in 2003.

Videos of the 2006-2012 lectures can be viewed at <http://www.bu.edu/econ/seminars-workshops/special/rosenthal/>.

## Congratulations...

*to our Graduating Seniors, Master's and Doctoral Student*

We congratulate another class of talented and highly qualified students on receiving their undergraduate, master's, and doctoral degrees, and offer them our best wishes!

The Department values our alumni, and appreciates that they are very important for the continued success of our programs and students. We urge them to stay in touch.

We wish to send a special thank you to all of our active alums who continue to support our students and the department. Graduates, alumni, and current students are encouraged to keep us updated of their whereabouts. Please send us your contact information as it changes so we can be sure to keep you involved with all our upcoming alumni activities. Use the web form on the alumni section of the departmental website, or email us at [alumecma@bu.edu](mailto:alumecma@bu.edu) or [alumecdr@bu.edu](mailto:alumecdr@bu.edu).



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