



A letter from the Chair

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

It's been another busy year with a lot of new developments in the BU Department of Economics.

We have been particularly active in recruiting new lecturers and faculty, and the work is still not complete. We hired two outstanding new assistant professors. Martin Fiszbein, an empirical development economist with interests in economic history, is a local already, as he has been living in Boston while completing his PhD at Brown University. Macroeconomist Stephen Terry, on the other hand, comes to us from warmer climates. No doubt he is gearing up for Boston winters as he finishes his PhD at Stanford University. We were especially pleased about hiring two such excellent new faculty given the handicap imposed on us by the four blizzards that hit Boston in the midst of the already hectic economics job market season.

I'm also pleased to announce that we have filled the Slater Family Chair in Behavioral Economics with the remarkable Ray Fisman, previously on the faculty at Columbia Business School. Ray has written fascinating papers on decision making for charitable contributions, speed dating, parking tickets accrued by UN diplomats, and political corruption, among other topics. He is also a regular contributor to Slate. We thank Ken Slater and family for their generous donations that have made this position possible.

We also welcomed a new Lecturer, Jessica Simon, and will welcome three more in the fall: Andre Switala, Geoffrey Carliner, and Benjamin Koskinen. All four have been teaching courses in the Department this semester and add to the energy, excitement, and breadth of our offerings. I'm particularly pleased to note that Ben is a graduate from our Department—he completed his MA with us in 2008. Finally, as I write this, we're still hard at work trying to recruit two additional senior macroeconomists; I hope to have good news for next year's newsletter on that.

As we add new faculty, the old faculty is keeping busy as usual influencing the profession and the world. Larry Kotlikoff, for example, was named the 19th most influential economist in the world in 2014 by *The Economist*. Bob Margo was elected President of the Economic History Association, the leading association for economic historians and publisher of the leading journal in the field, the *Journal of Economic History*. Christophe Chamley was named an Economic Theory Fellow by the Society for the Advancement of Economic Theory. Pierre Perron continues to rack up citations faster than UN diplomats get parking tickets, with his most-cited paper passing 10,000 cites this year and his total citation count passing 40,000.

I'm also pleased to announce that our second Distinguished Alumni Award will be presented at this year's commencement. Yukiko Okawa Omura will receive the award and say a few words to the graduates. We started this award because we could think of no better way to inspire our graduates as they go out into the world than to present them with the shining examples of our past graduates and their accomplishments. You can read more below about the impressive resume of Ms. Omura. I look forward to similarly remarkable accomplishments from today's graduates.

Finally, I extend my congratulations to all of the 2015 graduates from BU Economics. As you leave the University, we hope the things you learned at BU, both academic and otherwise, are valuable to you in navigating the world out there. Keep in touch and let us know how it goes!

With best wishes,

Barton Lipman
Chair, Department of Economics

A Conversation with...

Marianne Baxter



When and why did you decide to become a scholar in economics?

I was an undergraduate at the University of Rochester, majoring in statistics. I loved math and Rochester was one of the first universities to have an undergraduate statistics major. Statistics seemed great because it combined the rigor of math with a practical goal. Unfortunately, the major had been created by taking the Ph.D. Statistics courses and adding an undergraduate course number to each one. It took me more than a year to notice that my classmates were all Ph.D. students or seniors. My GPA was abysmal!

To fulfill a requirement, I took Economics 101. It met at a better time than anthropology or sociology classes, and I thought all the social sciences were equally silly. I was incredibly fortunate to have Michael Mussa as my teacher for that class. He is the reason I am an economist. Mussa was a new professor at the time, but he went on to become one of the brightest stars of his generation, reshaping much of international trade and finance, both theory and policy.

Mussa was intense, funny, quick, and very smart. He had been discussing the gains from trade using the examples of fish and coconuts. One day before class, a student placed a coconut on the front table. Mussa walked in and, without missing a beat, picked up the coconut and announced that we would henceforth discuss scotch and sirloins! I quickly grew to love the challenge and the fun of attacking economic problems. (I finished the statistics degree as well. It got easier as I learned more math.)

What are you working on now?

Right now I'm working on writing up a project that was prompted by discussions with Jonathan Hersh, a BU Ph.D. student, during our Economics 792 course last year. Jonathan is interested in application of "Big Data" methods to economic problems. We are writing a paper that applies some of these methods to the empirical literature on the "gravity equation," so called because the form of the equation resembles Newton's Law of Universal Gravitation. In economics, "gravity" refers to a statistical model that explains bilateral trade through variables including each country's real GDP and the distance between the countries. Many other variables are often included to measure factors that facilitate or restrict trade, such as a common currency, a common border, whether either country is an island, etc. The real goal is to be able to predict trade, and for this it is useful to have tools that specifically address model uncertainty—the acknowledgement that we do not know exactly which variables should be in the model. Jonathan and I focus on the LASSO and Bayesian Model Averaging tools in addition to the more common Extreme Bounds Analysis to determine which variables should be included in a model that balances the desire for within-sample fit with good predictive value. Along the way, we have found results that contrast with those in the existing literature. For example, we are finding that having a common currency increases trade, but by only 1/3 as much as many researchers previously claimed. We also find that countries that are islands also have higher trade, by about as much as having a common currency increases trade. It is of course important to remember the difference between correlation and causation. If we did not, we might summarize this result as saying: "To increase trade, either join a currency union or build a moat."

Who had the most profound impact on the way you think as an economist (and why)?

My thesis advisor, Robert E. Lucas, Jr., has a deep and contagious passion for economics. He combines this with a fearless determination to follow a research program that was ridiculed, initially, for being

abstract, overly mathematical, and completely out of touch with the real world. Although I wanted to study international economics, I was inspired to learn this new way of thinking about macroeconomics, so I worked with Lucas instead of the international econ professors.

Equally important were the members of my first-year study group. There were 85 students in each new Chicago Ph.D. class at that time. We all knew that the target class size was closer to 20 students and that the exams at the end of the first year would determine who could stay. The 6 of us in our study group spent nearly all our waking time together, solving problems and challenging each other to be clearer, more complete, more correct, more concise. We knew we would sink or swim together. It was no kindness to be too easy on a study group colleague during study sessions that felt more like pre-combat drills. We get together for dinner every January at the ASSA meetings!!

What do you enjoy the most about being an academic?

There are two things that are equally important. First is the freedom to continue to learn—as your actual job description! Our only obligation is to do this learning in a structured and productive way and to share the results with our peers, though personal contact and our writing. Second is the privilege of teaching. Students, from the undergraduate through the Ph.D. level, bring an energy and intensity that are contagious. Economics has much to offer students as they prepare for a future in an uncertain economic environment. Ph.D. students make the transition from "consumer" of economics to "producer" of economics. When students ask how to find a topic, I ask them to consider what preoccupies them—what makes them angry? Is an increase in the minimum wage a good idea for America despite the basic price theory to the contrary? Do you think it's crazy that Boston doesn't charge for the parking placards that allow residents to park on the street? A great research topic (a great endeavor of any kind, perhaps) lies at the intersection of your knowledge and your passions. It helps a lot to be working on something that you really care about. I am lucky to have a job that lets me do this.

What do you do in your free time?

As a teacher, senior faculty member, and mom to 3 sons and a dog, I spend so much time being in charge. So when I have free time, I am drawn to situations in which I can be a student—be the one who is not in charge! When I moved to Boston, I took up metalworking. Over the past 15 years, I've studied metalwork and enameling with a group of amazing and generous artists. I have a workshop in my basement with two torches, an enameling kiln, and a zillion cool tools. Metalworking provides an opportunity to make an idea tangible, within the limits of the laws of science and one's own skill. At the end, you have this object—a physical representation of the thought and care that you brought to the realization of your idea. This is something we do not have in economics!

Interview by George Georgiadis

A Conversation with...

Adam Guren



What drew you to economics?

In high school, I read Robert Heilbroner's *The Worldly Philosophers* and Paul Krugman's *The Accidental Theorist*. Both are riveting books that portray economists as big thinkers who tackle the most consequential questions for society and whose ideas have a profound effect on people's lives. At the time I wanted to work with computers, but thinking about issues that matter for people instead of working with machines resonated with me. I ended up taking economics in high school and again in college. A class taught by Ed Glaeser in particular showed me how we could use mathematical tools to think about real world problems. I got involved in research as a research assistant while in college, decided to do an economics Ph.D., and now here I am.

You graduated last year. How is your first year as an Assistant Professor? How does it compare to your life as a graduate student?

It's busy but very fun! The first year is a whirlwind of submitting papers, forging relationships with potential co-authors, getting new projects off the ground, preparing courses, and teaching. I'm enjoying Boston University and my new colleagues immensely. It's fun to be exposed to new people, ideas, and influences, and everyone at BU has been friendly and welcoming. It is a very happy place to be an economist. The one thing I'm still not used to, though, is being called "professor" – I keep looking over my shoulder thinking that my students are referring to someone else.

Your dissertation work was on housing markets. Can you describe your main findings?

Broadly, my work so far has used micro data to think about macro questions in the labor and housing markets. I have two papers on housing markets.

My first housing paper is about house price momentum, which refers to the fact that if prices are rising this year chances are they will rise next year and the year after that. This was first pointed out by Case and Shiller, and it is puzzling because arbitrage, both by investors and traditional buyers and sellers re-timing their purchase and sale, should eliminate price predictability. My paper empirically and theoretically analyzes an amplification mechanism that can generate substantial momentum from small known frictions. The basic idea is that listing at a high price drives away buyers, but listing at a low price does not attract many more buyers than listing at an average price. Because of this, sellers do not want to list their house at a unilaterally high or low price, so sellers gradually adjust their price to stay close to the average. I first provide direct micro evidence on this mechanism

in housing listings data, and then I quantitatively analyze its impact using a model. In doing so, I use the housing market to provide new evidence on a similar mechanism that has been discussed as a source of aggregate price stickiness but for which there is little direct evidence. I also show that momentum helps explain several key features of the short-run dynamics of housing markets.

My second housing paper, which is joint work with Tim McQuade at Stanford, examines the role of foreclosures in the recent housing bust. Most research on foreclosures compares houses with a foreclosure next door with a foreclosure a few blocks away. That picks up the effect of having a neighbor with boarded up windows and weeds in their yard, but cannot pick up more macro equilibrium effects that operate through changes the stock of homes for sale and the number of buyers at the neighborhood or city level. We argue that these effects are quite large using a model matched to the cross-section of booms and busts across metro areas. Our model does good job of explaining the downturn on a number of dimensions and indicates that foreclosures reduced prices of non-foreclosure homes by an additional 24 percent, both because they push down prices and because the decline in prices causes more foreclosures, which pushes down prices further and leads to more foreclosures, et cetera. We also use our model to think about anti-foreclosure policies, and come to the perhaps surprising conclusion that slowing down foreclosures can have perverse effects on the housing market.

How did you become interested in this topic?

If you had told me before graduate school that I would write a dissertation in part on housing markets I would not have believed you. Housing was not a topic that seemed relevant to the big questions in economics. But Lehman failed during my first week of Ph.D. course work, and it turned out that the culprit was the housing market. I am broadly interested in using micro data to study macro questions, and the housing market has great data and suddenly in the wake of the Great Recession a lot of interesting macro-housing questions cropped up. It seemed like a natural place to turn to do interesting, policy-relevant macro research.

What do you do in your free time?

What free time? Just kidding. I like spending time with family, travelling the world, and spending time with my fiancé (by the time this is in print wife) Kate. We go to the Boston Symphony and theatre reasonably regularly, and I like to bike and play golf if I have time in the summer.

A Conversation with...

John Harris

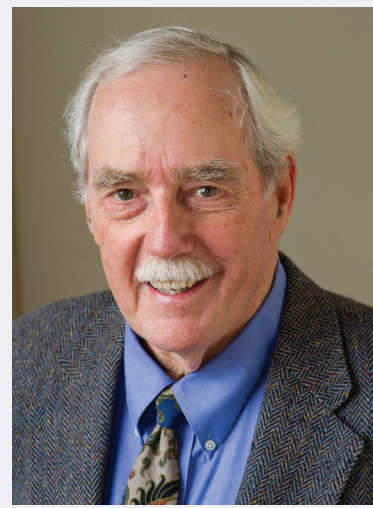
Your paper "Migration, unemployment and development: a two-sector analysis" with Michael Todaro has been identified as one of the most influential papers ever published in the *American Economic Review*. Can you tell us more about it and why it has been so impactful?

In my 4th year as an Assistant Prof at MIT, I was offered an opportunity by the Rockefeller Foundation to spend 18 months in Kenya in their University Development Program. My colleagues in Nairobi included Mike Todaro, Peter Diamond, Joe Stiglitz, and Jim Tobin. We were staffing the Institute for Development Studies (IDS) while mentoring African students who would come to the US for PhD training and then return to the University. The role of the IDS was to do policy-relevant research on major current issues for the Ministry of Economic Planning, the Treasury, and the Central Bank. The most pressing problem facing the newly-independent Government of Kenya was the rapid influx of young people into the urban areas who couldn't find jobs in the growing formal sectors of the economy. Observers were puzzled by why people would keep migrating in the face of unemployment. They attributed it to "inappropriate values" engendered by the rapidly growing schooling system, misinformation about the possibilities of urban life ("streets paved with gold"), and/or an inability to return to the rural areas because of the shame of failure. The preferred solution was to try to forcibly remove unemployed persons from the urban areas, ship them back to their home-areas, and implement a system to regulate migration.

Mike Todaro and I were asked to refine policy approaches to the problem. After a series of interviews, we came to understand that, given the system of minimum wages that had been implemented, a young person completing primary school could earn at least 5 times as much in the "modern" sector than they could back in the rural area. The problem, of course, was that these jobs were hard to find. We also found that large numbers of migrants were able to stay with kinfolk in the cities for about 6 months while searching for a "good" job, then return home if unsuccessful. Later we got confirmation from census documents that the gross flows in and out of cities were about 4 people out for 5 people in during a year, with about a 10% net growth of urban population. Clearly, the idea that young migrants were trapped in a bad situation from which they could not escape was wrong.

So we did what economists usually do: created a formal model that incorporates the features of the problem that seem important. We cast the migration decision as a rational response to expected income in which the high wage was the payoff and the probability of obtaining such a job as being inversely related to the unemployment rate. As there are more unemployed job seekers, the odds of obtaining a job decreases. Thus the unemployment rate becomes an equilibrating variable that is endogenous to the process, given the rigidity of the mandated minimum wage. The model was the guiding framework for a large amount of empirical work that confirmed the importance of the unemployment rate in determining migration rates.

I think that it has continued to be widely cited and used to inform research on migration and urban growth in developing countries because it addresses a real problem. The analysis has important implications for the design of wage, employment, and urban investment policies, and it sheds important light on economic processes in which prices and wages are not fully flexible and, hence, quantity adjustment is an important equilibrating mechanism. It also looks carefully at incentive structures and examines the behavior that arises from such incentives.



This is your 40th year at Boston University. Has the Economics Department changed a lot over these years? What do you see as the biggest challenges for the department going forward?

A number of us came here with the vision of creating a Department that would do high-quality research for policy. I came as Director of the African Studies Center, Paul Rosenstein-Rodan created a Center for Latin American Development Studies, Gus Papanek created a Center for Asian Development Studies, Paul Streeten created a Center for World Development Studies, Peter Doeringer created a Center for Employment Studies. Early recruits included Michael Manove as a core theorist, and Lee Jones and Bob Lucas in Development Economics. At that time, we had considerable support from Foundations and International Agencies for MA and PhD training of academics and government officials in developing countries.

Over the years there have been enormous changes in joint research program options, in funding for candidates from developing countries, and in the strengths and interests of the profession. While the African Studies Center has continued to flourish as a multidisciplinary center with substantial outside funding, the Asian, Latin American, and World Development Centers merged to form the Institute for Economic Development (IED), which facilitates our research on Development.

The Department's standing in the profession has grown by leaps and bounds, largely due to Larry Kotlikoff. We have followed the trends in what the profession values, and in many cases have been leaders of those trends. I am delighted by the recent great surge of interest in Development Economics and our enhanced capacity to combine rigorous theory with sophisticated empirical work (driven by the enormous increase in available data and computing power) to address important questions. There is much less division between theorists and empiricists than was the case a few decades ago, and our Department demonstrates this very well, particularly in the kinds of work being done by the young, recent additions to our faculty.

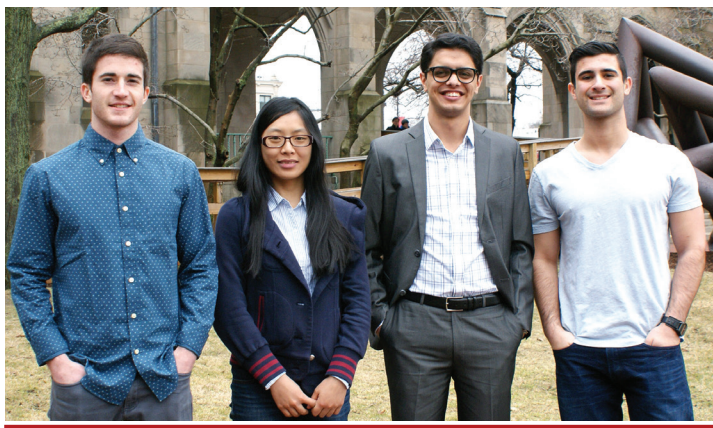
I think that the challenge is for us to maintain and enhance a position of leadership in the profession. Recent hires have strengthened us substantially in technical quality. At the same time, we are able to maintain a healthy balance between the PhD program, and a strong MA program that is more geared to professional training.

What do you enjoy the most about being an academic?

The freedom to keep learning and to be exposed to new ideas is exhilarating - there is never a reason to get bored. Working with students and young colleagues keeps one challenged. The other great reward is to see former students develop their careers and become colleagues. I've just returned from a trip to Uganda, Kenya, and Ivory Coast and the contributions that our graduates are making are impressive.

Interview by George Georgiadis

A sampling of our undergraduates



Dylan Brossman, Yajie Tang, Prithvi Hingorani, Phil Martinelli

Dylan Brossman

Dylan is from Lancaster, Pennsylvania where he was an honor student at **Cocalico High School** and played golf, football and basketball. As a sophomore at BU, Dylan walked on to the Men's Basketball team and went on to complete two full seasons during which time he earned both America East and Patriot League All-Academic honors.

As a senior, Dylan chose to forgo his senior year of basketball in order to study abroad in Dublin, Ireland. While in Dublin, he studied Irish culture, society and history. He also had the opportunity to fulfill his final economics requirement by working as an analyst for **Bankhawk Analytics**, a financial services company. This internship allowed Dylan to utilize his economics education while experiencing the workplace in a foreign country. Previously, Dylan also completed financial industry internships with **First Marblehead** and **Royal Bank of Canada Financial Management**.

After graduation, Dylan plans on moving to New York City to start his career in finance. He would like to thank the following people for making his four years at Boston University so successful and enjoyable: Dean **Kenneth Elmore**, Assistant Dean **John Battaglino**, Professor **Hsueh-Ling Huynh**, Coach **Joe Jones** and **Daryl Graves**.

Yajie Tang

Yajie is originally from Hubei, China. She started studying at Boston University at the **Center for English & Language Programs (CELOP)** where she was involved in a diverse culture and met people around the world with different ages and backgrounds. After completing the one-semester program, she started pursuing a bachelor's degree in Economics. Yajie observed that Economics and Business are closely related and have many overlapping aspects. After taking International Finance with Professor **Geoffrey Carliner** in sophomore year, she decided to apply to the Dual Degree Program and start pursuing a second degree in Business with double concentrations in Accounting and Finance. Some of the economics classes she took were taught by PhD candidates, whom she found to be knowledgeable and engaging instructors.

Outside of the classroom, Yajie has worked as a Barista at the **Starbucks** in Kenmore Square since it opened in summer 2013. She is also a Teaching Assistant of Intermediate Accounting II at the **School of Management**. After graduation, she intends to pursue a Master's degree in Accountancy.

Phillip Martinelli

Phil is graduating with his BA in Economics one year early. On campus, Phil worked as a Teaching Assistant in the **School of Management**. He served as Co-Captain of the **BU Fed Challenge** team. He was a founding member of Boston University's **Delta Tau Delta** fraternity chapter, where he was elected Director of Academic Affairs. Phil's favorite class was Empirical Economics (EC203-4) with Professor Todd Idson because it taught him the statistical knowledge and practical skills to do his own research. He also enjoyed Professor **Geoffrey Carliner's** Poverty & Discrimination course (EC325) because of how engaging the class was.

After graduation, Phil is returning to Chicago to pursue a career in finance, specifically in investment banking. In the more distant future, he hopes to become a lawyer and work in constitutional law.

Rebecca Giden

Originally from Milford, Connecticut, Rebecca is a senior at Boston University graduating with dual degrees in Economics in the BA/MA program. She discovered her passion for the subject in Professor **Todd Idson's** Introductory Microeconomic Analysis (EC101) course during the fall semester of her freshman year; to this day, she recalls Idson's coverage of the "Peltzman Effect" in the first week of classes and becoming fascinated by the prospect of studying human behavior in a rigorous, scientific manner. She has particularly enjoyed taking courses that explore the application of microeconomic concepts, including Sports Economics (EC385), Microeconomic Theory (EC501), and Game Theory (EC513). Rebecca has benefitted greatly from the guidance of several instructors in the Economics Department, including **Bjorn Persson**, **Todd Idson**, and **Hsueh-Ling Huynh**. She continues to be grateful to the university faculty whose passion and achievements have inspired her to pursue a PhD in the field and a career as an economist.

In addition to her studies, Rebecca is involved in several campus organizations. She is an active Brother of Boston University's **Nu Chapter of Alpha Kappa Psi**, the coeducational professional business fraternity, where she currently serves as Chief Compliance Officer. She also has served as Dean's Host for the **College of Arts and Sciences** since sophomore year. She enjoys welcoming prospective students and families to the University each spring at Open House and getting to share her enthusiasm for the academic programs and the College as a whole. After graduation, Rebecca plans to serve as an Officer for the **United States Marine Corps** before pursuing a career as an economist.

Prithvi Hingorani

Prithvi is originally from New Delhi, India. He is graduating in May 2015 with a dual degree in the BA/MA program. He is primarily interested in financial economics and intermediation, perhaps owing to the fact that he started learning Economics during the peak of the financial crisis. As part of his senior honors thesis, Prithvi is working with Professor **Robert King** on a policy analysis paper that quantifies the impact of the Basel I Capital Accord on systemic risk in the U.S. banking sector. Prithvi considers this yearlong empirical research project to be an invaluable part of his economics education at Boston University. During his time at BU, Prithvi has been an active member of the **International Affairs Association (IAA)**. He has previously served as Treasurer for the student group, and has been on the directorate for the annual high school Model UN Conference hosted by the IAA.

After graduation, Prithvi will begin his professional career as an analyst at **Cornerstone Research** at their Boston location. He also hopes to attain a Ph.D. in financial economics some years down the line.

Undergraduate Economics Association



The **UEA Executive Board** (from left to right): *Howard Wei*, VP of Editorial Content (BA Economics/Math '16); *Ben Denis Shaffer*, VP of Editorial Content (BA Economics/Math '15); *Federico Mele*, President (BA/MA Economics '15); *Yuqi Rao*, VP of Operations (SMG '17); *Ergeta Muca*, VP of Marketing (BA Economics/Business Administration '17); *Mansi Bhikadia*, Executive VP (SMG '16). Not pictured: *Gabriele Giaroli*, VP of Technology (BA Economics/Computer Science '16), *Melissa Aydogan*, Executive VP (SMG '16)

The Boston University Undergraduate Economics Association (BU UEA) is a group of talented and determined undergraduates who pursue their interest in economics outside the classroom by organizing research groups, case competitions, guest lectures, and career development and alumni events. Under the leadership of President **Federico Mele** (BA/MA '15), the UEA has grown its presence on the BU campus, more than doubling its member base and the number of events hosted. This year the UEA focused its value proposition on two main areas: economic research & data analysis, and career development & pre-professional guidance.

The Macro-Analysis Group has been the core activity of the UEA. Under the Leadership of VPs of Editorial Content **Ben Denis Shaffer** (BA '15) and **Howard Wei** (BA '16), the group has hosted research and data analysis workshops throughout the year, complementing the theoretical knowledge gained in the classroom with a more practical approach based on current economic events and shifts in policy. The MAG has grown in number and has allowed its members to put together research reports and articles that are featured on the UEA website buuea.com

and collected in the UEA Journal, a yearly publication comprising the best articles produced by UEA members.

The UEA has fulfilled its mission of making its members more competitive on the job market by organizing several career development initiatives. *Global Careers: From Consultants to CEOs*, which hosted McKinsey Partner **Paolo Timoni** and The Real Estate Group CEO **Guido Giachetti**, offered a perspective on how to leverage a global education to pursue a career in management consulting and entrepreneurship. The UEA additionally presented *Business Careers at Google* info session hosted with the CAS Dean's Hosts, building a solid relationship with the Mountain View-based company and attracting over 60 students. The events were complemented by a resume workshop, attended by more than 100 students, and by an Alumni Panel featuring UEA alumni working in management consulting and asset management for firms such as **PricewaterhouseCoopers**, **Deloitte & Touche**, **Eaton Vance**, and **Cartesian Strategy Consulting**.

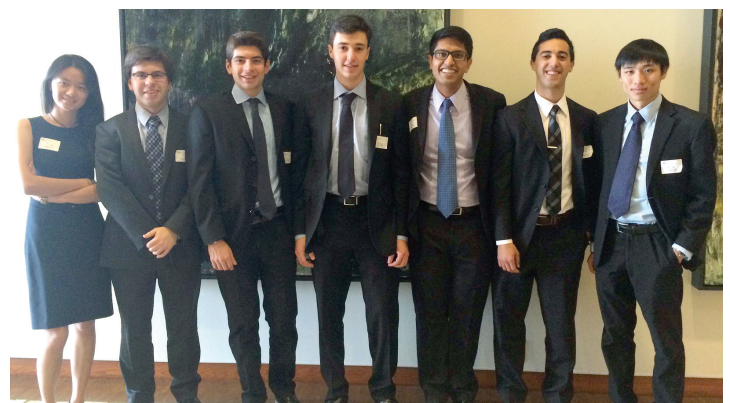
The UEA additionally organized high-profile events with external guest speakers, such as The Future of Europe, featuring **Bruno Maçães**, State Secretary for European Affairs, Portugal, in collaboration with the **Center for the Study of Europe**. *Trade Agreements: 20 Years of NAFTA and Now Onto the Pacific* hosted Dr. **Antonio Ortiz Mena**, Head Economist of the Mexican Embassy to the U.S. and Professor **Kevin Gallagher**, from the Pardee School of Global Studies, to share perspectives on the effects of trade agreements on Mexico and China. The UEA also presented distinguished faculty guest speakers. UEA Advisor and Director of Undergraduate Studies Professor **Todd Idson** discussed the impact of minimum wage on the US labor market, presenting to a vast audience of underclassmen. Professor **Hsueh-Ling Huynh**, Director of the Master's Program, addressed more than 70 advanced undergraduates at his talk entitled *Game Theoretically Speaking*, in which he discussed game theory and even simulated a game with the participation of attending students.

Lastly, the UEA hosted the second annual Spring Case Competition, focused on Japan's monetary policy, which saw a record of ten participating teams. The final winning team was composed of juniors **Ahmad Zeido** (BA/MA '15), **Ben Denis Shaffer** (BA '15), **Mateusz Zwieniecki** (BA '15), and **Muhammad Azeem** (BA '14), who were judged by professors **John Harris**, **Geoffrey Carliner**, and **Hiroaki Kaido**. The UEA's goal for next year is to make the competition more challenging and attract more teams from BU and other universities in the Boston area.

College Fed Challenge 2014

The Boston University Fed Challenge team was excited to participate in this year's regional College Fed Challenge competition at the **Boston Federal Reserve**. This Fed-sponsored competition aims to promote a better understanding of the role and goals of the central bank in supporting US economic growth and stability. While competing against other universities from the Federal Reserve's first district, the BU team presented a 15-minute recommendation for Federal Reserve monetary policy. After the presentation, professors and economists from the Fed asked the team questions about their recommendation and economic theory.

The BU team based its recommendation this year on managing the Fed's large balance sheet and a transition to a sense of normalcy in monetary policy. With rate hikes expected by market participants, the team focused on how newly developed tools could help to manage liquidity in the markets as the Fed concluded Quantitative Easing and looked to raise interest rates. The team started research and preparation during the spring semester before meeting weekly in the fall to create the final recommendation. The team also met with professor **Todd Idson** and other faculty members to refine the recommendation before the competition.



This year's BU College Fed Challenge Team: (from left) **Silvia Chen**, **Andrew Keuler**, **Michael Clawar**, **Elan Plotkin**, **Saurabh Mahajan**, **Branden Oliveira**, and **Howard Wei**

In the first round, BU finished behind Bentley University, who went on to earn an honorable mention at the national competition. With the most members ever competing for the first time this year, our team plans to use its experience to have an even more competitive BU entry this coming November.

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 Sirui Feng, Malcolm Kapuza, and Dan Zhu.

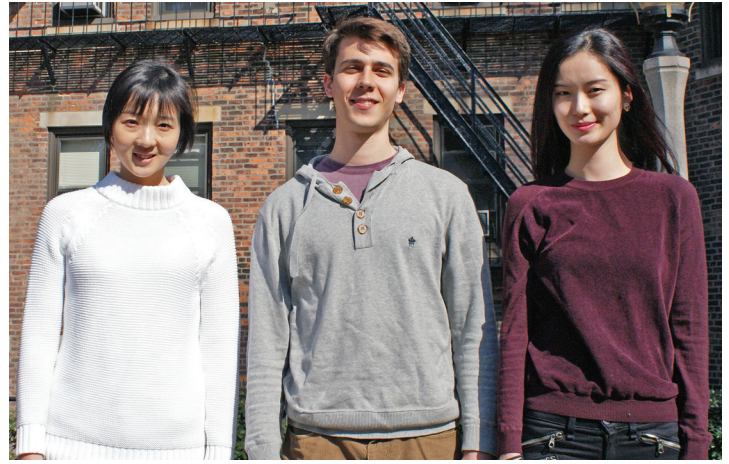
Sirui Feng

Sirui is originally from Beijing, China. After taking Econometrics (EC204) with Professor **Todd Idson**, she became interested in how quantitative analysis can reveal social trends and be integrated with economic policy development. Her internship at **Beijing TRS IT Company** inspired her to combine computational and social studies, and her senior honors thesis focuses on the effect of technological advance on the probability of re-enrollment of schooling.

Sirui is continuing her graduate study of computational analysis and public policy in Chicago in September, and she is excited to watch and hopefully contribute to the development of the Chinese social welfare system in the context of big-data analysis.

Dan Zhu

Dan will graduate with a joint major in Economics and Mathematics. While she began as a freshman as a declared Economics major only, as she took more mathematical courses and professors emphasized the importance of math for studying economics, she added mathematics as a double major. In her third year, she heard about the BA/MA program offered here in the Economics department and decided to apply for it. By taking more graduate-level economics courses, she got a chance to understand and learn more about the intriguing areas of US and European economics, which have a huge impact on the Chinese economy. After graduating from BU, Dan seeks to work as an economic analyst.



This year's recipients of the College Prize for Excellence: (from left) Dan Zhu, Malcolm Kapuza, and Sirui Feng

Malcolm Kapuza

Malcolm is graduating Summa Cum Laude with a joint degree in Economics and Mathematics. As a recipient of the **Boston University Community Service Award**, his time at Boston University has most importantly taught him the power of opportunity, since he would have been unable to attend BU had it not been for this award. One of his proudest accomplishments has been founding and leading the **Boston University Fishing Club**, which fosters well-spent leisure as a complement to academic rigor, something often overlooked in the university context.

Malcolm spent his junior year abroad at the **London School of Economics**, which allowed him to gain a global perspective, a trait that he has found instrumental to his education. In his final year at BU, he has worked diligently on his senior honors thesis under the guidance of Professor **Samuel Bazzi**. The paper focuses on crowdfunding in the developing world, specifically exploring the distinct factors that lead to certain crowdfunding sites being more successful than others. This work has combined economic analytics, mathematical problem solving and computer programming, three fields that Malcolm has found highly complementary.

Upon his graduation, Malcolm will begin working full-time for **AlliedCrowds**, a company he has helped build over the last year. The mission of AlliedCrowds is to provide more information and better analytics on the crowdfunding industry in the developing world as well as to increase capital flows and outside investments in emerging markets.



Photo by Vernon Doucette

Supporting Economics through the BU Annual Fund

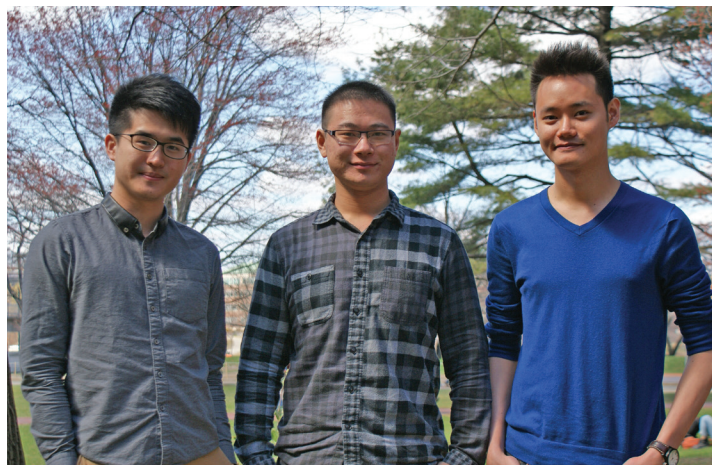
Many donors choose to give to Boston University through the annual fund but direct that the funds be used for the Department of Economics. You can contribute to the Department's general funds, the fund to establish an endowment for the Rosenthal Memorial Lecture, or the fund to support our Prizes for MA Excellence. Donors wishing to learn more should contact Professor Bart Lipman (blipman@bu.edu) or go to our website at <http://www.bu.edu/econ/home/donations/>.

We appreciate your support.

The Master's Program

MA Prizes for Academic Excellence

The Prizes for Academic Excellence in the Master's Program this year were awarded to **Teerapat Jirasirikul** (MA '16) for overall academic performance, and to **Yiming Cao** (MA '16) and **Guangzhi Ye** (MA '16) for their research paper "The Effect of the Poverty-County Transfer Program in China," written jointly for the class Development Theory and Policy (EC521). Of Teerapat, Professor **Pankaj Tandon** said: "Beyond his solid good grades I feel [he] is one of the best students in all the years I have been teaching Microeconomics (EC501). There are several other strong and deserving candidates, but Teerapat stands apart." In nominating Yiming and Guangzhi, Professor **John Harris** noted: "The ways they posed the research question, formulated the model, assembled the data, and applied fairly sophisticated econometric techniques to their investigation were outstanding... I rate this as the best single paper that has been produced by EC521 students in recent years." The **Pardee Center** selected this paper for presentation at a symposium recognizing outstanding research by graduate students at Boston University.



Guangzhi Ye (MA '16), **Yiming Cao** (MA '16), **Teerapat Jirasirikul** (MA '16)

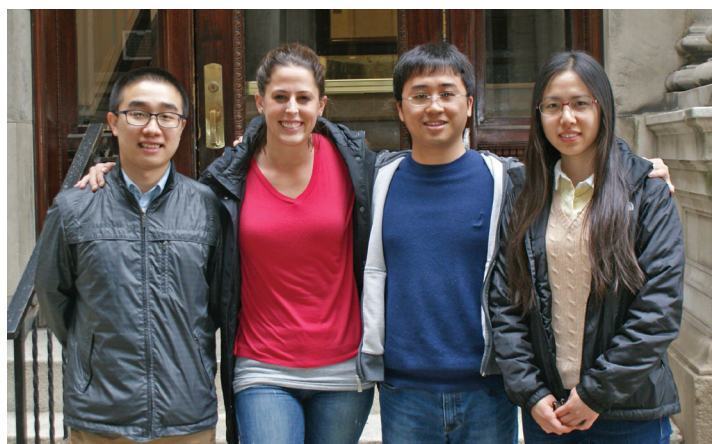
MA Graduates in the PhD Program

Graduates of the Master's program continue to be very successful on the job market, as are those who go on to pursue doctoral studies. In addition to other premier programs ranging from the University of California Berkeley to the Pennsylvania State University, three of our MA graduates will be entering our own PhD program this fall: **Botao Shao** (MA '14), **Mengqi Deng** (MAEP '15), and **Xiaoxi Zhao** (MA '15), who received the **Special Summer Stipend** for graduates of the Economics Master's Program.



Raisa Behal, **Sean Hillman**, **Marema Gaye**, **Tomas Reid Macho**
(all MA-GDE '17)

The MA in Global Development Economics program is lucky to have four excellent, enthusiastic students this year. Seen here, from the left, are **Raisa Behal**, **Sean Hillman**, **Marema Gaye**, **Tomas Reid Macho** (MA-GDEs, expected 2016). Their views on the imperatives of global development in the 21st century are as diverse as their own cultural backgrounds and personal experiences. In a recent conversation, they identified safety and security, governance, correcting the distortions in human capital investments, and confronting economic inequality as priorities for the new world. They are all looking forward to exploring and developing these ideas in their Capstone Projects this fall.



Youming Liu (MA '14), **Chelsea Carter** (BA/MA '11), **Taosong Deng**
(MA '13), **Xiaoxi Zhao** (MA '15)

Xiaoxi Zhao is pictured here (from right) with three other MA alumni who are embarking upon their second year as PhD students at BU: **Taosong Deng** (MA '13), **Chelsea Carter** (BA/MA '11) and **Youming Liu** (MA '14). Xiaoxi began her graduate career studying applied mathematics and engineering in France and China, but she was immediately captivated by economic research when she was introduced to the economic problems of healthcare. Before coming to BU, she worked as a research fellow at the **China Center for Health Economic Research** at **Peking University**. Youming chose to return to BU after receiving several attractive PhD admission offers, while Taosong completed another master's degree in statistics before coming back for his PhD. Both took PhD courses when they were master's students. After earning her BA/MA dual degrees from BU, Chelsea worked for three years in the private sector but couldn't wait to get back to the comfort of a university. Driven toward academic excellence, she felt that a PhD was her natural next step.

Taosong, Chelsea and Youming would not make light of the academic intensity of the PhD program, but they all enjoyed the friendly camaraderie that is felt among first-year students, and have been happy for Xiaoxi to join them in the program.

**The MA Prizes and the Special Summer Stipend
were made possible by generous
contributions from alumni.**

Your continued support is greatly appreciated.

MA Career Information Meeting

The tenth annual Career Information Meeting, hosted by the Department of Economics and the IED, brought together fifteen alumni of the Master's Program with current students. The meeting included a panel discussion, a Q & A session, and a catered reception.

The panel also included **John Affleck** (MA '00, International Economist at Property & Portfolio Research), **Chanritha Bun**, (MA '11, Credit Risk Analytics Team Lead at BB&T), **Rishi Chakraborty** (BA/MA '13, Advisory Associate, Health Industries at PricewaterhouseCoopers), **Jessica Chang** (MA '14, Research Analyst at Optum Labs), **Clark Johns** (MA '13, Research Analyst at ICF International: Aviation Consulting & Services), **Michael Kheyfets** (BA/MA '07, Partner at Edgeworth Economics, LLC), **Jessica Nicholson** (MA '03, Economist at the Economics and Statistics Administration, US Dept. of Commerce), **Charles Tao** (MA '08, Consulting Analyst at Quintiles Consulting), and **Kevin Shuo Chen Zhang** (MA '13, CEO Assistant at Green Strategies, Inc.).



Nikolai Stievaski (MA '10, Entrepreneur, Co-Founder of 100health) engages with the audience.



Alumni panelists **Karla Helvie** (MA '14, Project Manager at Dana Farber Cancer Institute), **Lily Li** (MA '12, currently attaining an MPA in International Development at Harvard Kennedy School), and **Darren Lowe** (MA '10, Senior Consultant in Analysis & Planning at Brigham & Women's Hospital) listen to a fellow panelist.



Rocio Falcones Bordallo (MA '12, Stress Testing Risk Manager at Santander Bank) engages in a discussion with **Adam Jin** (MA '13) and **Pote Siripoonsap** (MA '15) at the reception.



Tianyue Liu (MA '14) asks the panel a question.

Excel Training Session

Alumni Leadership Council member **John Affleck** (MA '00) presented the fourth annual Excel Training Workshop for Master's students, assisted by fellow Alumni Leadership Council member Charles Tao (MA '08). The agenda for the session included the theory and design of spreadsheet for the professional analyst; keyboard efficiencies; basic lookups, and how to make them better; the power of array formulas; INDIRECT: the best function most users have never heard of; and econometrics in excel, followed by a Q&A session.



Julia Frayer (BA/MA '97, Managing Director at London Economics International) shares a laugh with a current student at the reception following the panel discussion.



Students work together to solve the sample problems presented in the workshop.

PhD Program News

PLACEMENT

As of April 15, eighteen graduating BU Ph.D. students have accepted job offers. Fourteen of them are academic positions at universities and research institutes, and four are at US firms. Two more job candidates are still searching or negotiating terms. Job candidates this year set new records on conference and outside seminars (57 presentations), book coauthorship (3 books), coauthorship with BU faculty (7), and academic salaries. Congratulations to all of them!

Amrit Amirapu, Assistant Professor, University of Kent, UK; **Anindya Chakrabarti**, Assistant Professor, Indian Institute of Management, Ahmedabad, India; **Tszkin Julian Chan**, Economist, Bates White, Washington DC; **Mingli Chen**, Assistant Professor, University of Warwick, United Kingdom; **Aparna Dutta**, Economist, Bates White, Washington DC; **Michael Gechter**, Assistant Professor, Penn State University, PA and Associate Research Fellow, International Food Policy Research Institute, Washington DC; **Deborah Goldschmidt**, Associate, Analysis Group, New York; **Jasmina Hasanhodzic**, Assistant Professor, Babson College - Finance Department, MA; **Hyungseok Joo**, Lecturer, Wayne State University, MI; **Anusha Nath**, Post-doc, University of Minnesota, MI; **Yangshin Park**, Associate Research Fellow, KIET: Korea Institute for Industrial Economics and Trade, Korea; **Alejandro Rivera**, Assistant Professor, University of Texas - Finance Department, Dallas, TX; **Yasemin Satir**, Economist, TEPAV: The Economic Policy Research Foundation of Turkey, Ankara, Turkey; **David Seymour**, Assistant Professor, Istanbul Technical University, Turkey; **Shunan Wu**, Assistant Professor, Central University of Finance and Economics, Beijing, China; **Nathaniel Young**, Research Economist, European Bank for Reconstruction and Development, London, UK; **Grace Wei Yu**, Associate, Charles River Associates, Boston, MA; **Mengxi Zhang**, Post-doc, University of Technology, Sydney, Australia.

Teaching Awards

The 2014-15 **Graduate School of Arts and Sciences** Teaching Fellow of the year went to **Arthur Smith**. The Department recognizes Arthur's excellent work, enthusiasm and dedication in carrying out his teaching duties. Arthur is an outstanding teacher with great skills as a discussion leader and presenter. The **Gitner Prize** for excellence in teaching undergraduates by a PhD student went to **Dan Schwab**. The award is given annually "to a Graduate Student who excels as the most exemplary teacher of undergraduates within the Department of Economics. Dan served as a dedicated TF and head TF over the years, and was an outstanding teacher of the undergraduate course EC337 Economic Analysis of Legal Issues.

This year's winner of the **Gitner Prize for Excellence in Undergraduate Teaching** is professor **John Harris**, senior-most member of the department. His celebrated paper with **Michael Todaro**, "Migration, Unemployment and Development," is one of the twenty most influential papers published in the *American Economic Review* over the past 100 years. His students describe John as "very charismatic, intelligent, and good at explaining concepts." The winner of the **Neu Family Award for Teaching Excellence in Economics** is Professor **Albert Ma**. As department Associate Chair, Albert ensures that our undergraduate program maintains a broad range of topics taught by talented faculty. Known for his research in microeconomic theory and health economics, he is much beloved as a teacher and advisor. Students have described him as an "excellent teacher and nice person," and as "the best econ professor I had at BU."

RESEARCH AWARDS

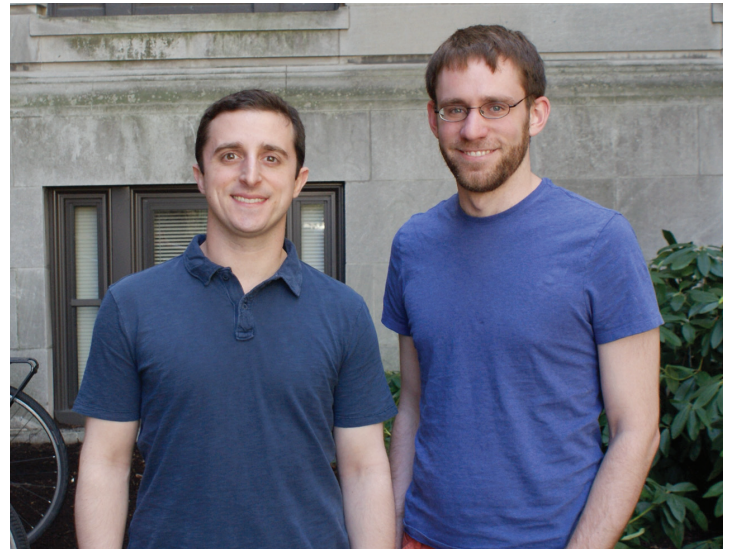
The recipients of the summer research awards for 2015 are **Alessandro Casini**, **Henry Lin**, **Junwen Lu**, **Benjamin Ogden**, **Phillip Ross**, and **Haoyu Zhou**.

The **Institute for Economic Development** awards the **Rosenstein-Rodan Prize** annually for the best original research on development economics or a related discipline among PhD students. The 2014 Rosenstein-Rodan prize was shared by three students: **Mirko Fillbrunn**: "Strategic Voting and Ballot-Order Effects"; **Anusha Nath**: "Political Competition and Elite Capture of Local Public Goods"; and **Nate Young**: "The Effect of Formal Banking on Real Economic Outcomes: Evidence from a Regression Discontinuity Analysis in India."

Mirko's paper studies the phenomenon of ballot-order effects where the order in which candidates appear on the ballot matters for election outcomes. He develops a number of alternative theories for explaining this, and uses data from local California elections to discriminate between them empirically.

Anusha's paper studies the allocation of spending across different local public goods by members of Parliament in India out of a discretionary fund they control. She provides evidence that local elites exert disproportionate influence on these allocations, which is moderated by political competition.

Nate's paper studies the effect of a banking regulatory reform in India implemented in 2006-7. He uses evidence to show that the reform had a significant impact on spatial allocation of branches by commercial banks, on deposits and loans, with consequent impacts on agricultural productivity and industrial investment.



Arthur Smith and Dan Schwab were recognized for excellence in teaching.

Distinguished Alumni Award

The Distinguished Alumni Award recognizes outstanding achievements in any area by graduates of one of the Department of Economics' degree programs. This award is presented at the Department's commencement each May as a way to honor our alumni and inspire our new graduates as they become alumni.

Our second recipient, **Yukiko Okawa Omura** (MA Political Economy '80), was a natural choice both because of her accomplishments and her extensive and long-standing ties to the Department.

Yukiko came to Boston University in 1977, after taking the International Baccalaureate at the **International School of Geneva** and a B.Sc. (Econ.) at **Queen Mary College, University of London**. Yukiko graduated with her MAPE from Boston University in 1980. Her initial appointment upon leaving BU was as a Project Economist in the **Infrastructure Division of the Inter-American Development Bank**. Starting in 1984, Yukiko served for ten years as a Vice President of **J.P. Morgan**, based in London and Tokyo. Over the next two years, Yukiko became a Senior Vice President of **Lehman Brothers**, acting as Head of Emerging Markets and Credit for Asia. This was followed by two years as Managing Director of **Union Bank of Switzerland** then three years as Managing Director of **Dresdner Bank AG**. With this background in the private sector, Yukiko next returned to the world of the multilateral development agencies. During 2004-2008 Yukiko was the Executive Vice President of the **Multilateral Investment Guarantee Agency (MIGA)**, which is a member of the **World Bank Group** in Washington; during her time there, she worked to restructure the Agency and achieved a substantial turnaround in their financial role. Moving countries again, in 2010 Yukiko became the Vice President of the **International Fund for Agricultural Development (IFAD)** (a Member of the **United Nations Development Group**) based in Rome, where she specialized in poverty eradication in developing countries. Yukiko now lives in London where she is a member of several advisory boards and boards of directors.

Information on how to nominate someone for this award available at <http://www.bu.edu/econ/alumni/distinguished-alumni-award/>.

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** (American Journal of Health Economics, Journal of Health Economics), **Larry Epstein** (Canadian Journal of Economics, Economic Theory, International Journal of Economic Theory, Journal of Mathematical Economics, Journal of Risk and Uncertainty), **Ivan Fernandez-Val** (Econometric Theory, Econometrics Journal, Econometric Reviews, Journal of Econometric Methods), **Simon Gilchrist** (American Economic Journal: Macroeconomics), **Todd Idson** (Journal of Sports Economics), **Robert King** (Journal of Monetary Economics), **Kevin Lang** (Eurasian Economic Review, Journal of Labor Economics, Labour Economics), **Bart Lipman** (American Economic Review, Econometrica, Theoretical Economics), **Albert Ma** (American Journal of Health Economics, International Journal of Environmental Research and Public Health, Pacific Economic Review), **Bob Margo** (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** (Journal of Development Economics), **Claudia Olivetti** (European Economic Review, Labour Economics), **Daniele Paserman** (Journal of the European Economic Association, Labour Economics), **Pierre Perron** (Actualite Economique, Economia Applicada, Journal of Time Series Econometrics, Revista de Econometria), **Zhongjun Qu** (Econometrics Journal), **Marc Rysman** (Rand Journal of Economics, Review of Network Economics), **Ingo Vogelsang** (Information Economics and Policy, International Economics and Economic Policy, Journal of Regulatory Economics, Latin American Economic Review, Netzwirtschaften & Recht, Review of Network Economics)

Department of Economics Donors

The Department of Economics expresses its gratitude to the following individuals and institutions who donated to the department (April 2014 through April 2015):

Christopher and Charmalie Abayasekara, Regina Cati, Christophe Chamley, Karen Clark and Pankaj Tandon, Patricia Flynn and Peter Doeringer, Yves-William Ferrier, Jordi and Gloria Gasso, John Harris, Paul Haun and Lindsay Schwab, Jing He, Brian T. Herr, Richard and Anne Hill, Joyce Huber and Randall Ellis, Sambuddha Ghosh, Simon Gilchrist, Laurent Jules, Hiroaki Kaido, Paul Karner, Hirschel Kasper and Cynthia Dede, Christopher Kramer, James Kutter, Kevin Lang and Shulamit Kahn, Bart and Marie Lipman, Lucia Luzi, Ching-To Albert and Kam-Ling Ma, William and Marybeth MacLean, Yin Hing Mak, Michael Manove, Robert Margo, Francisco Marriott and Zoya Ivanova, Hidemi Matsushita and Hidemi Fukada, Lei Miao, Richard Neu, Andrew Newman, Jawwad Noor, Claudia Olivetti, Kenneth and Mary Olsen, M. Daniele Paserman, Pierre Perron, Beverly Porter, Irwin and Barbara Price, Ruth Rosenthal, Sharon Rosenthal, Robert Seamans and Georgia Silvera, Kenneth and Ellen Slater, Janet Stradley, Sylvia and Brent Vallat, Jan Walliser, Van Wedeen and Lauren Abbate, the Fidelity Charitable Gift Fund, and the Neu Foundation of California.

Rosenthal Memorial Lecture

Every year, the faculty, students, and staff in the Economics Department commemorate the legacy of professor **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/special/rosenthal/>, which provides a link to a tribute to Rosenthal's research **Roy Radner** and **Debraj Ray** in a 2003 issue of the *Journal of Economic Theory* and videos of the 2006 – 2014 lectures.

The 2015 Rosenthal Memorial Lecture was given by **Faruk Gul** from Princeton University. The lecture, entitled "Calibrated Uncertainty," was based on Professor Gul's fascinating joint work with his Princeton colleague **Wolfgang Pesendorfer**.

Ever since **Frank Knight's** seminal work in the 1920's, a central question in economics has been to understand how economic agents deal with uncertainty in settings where there are no clear probabilities. For example, a toss of a (fair) coin has clear probabilities: heads with probability 1/2, tails otherwise. However, it is not clear how to unambiguously identify the probability that the next President is a Republican. Different people, even if they have the same information, may come to different conclusions.

This leads Professor Gul to the idea of an *uncertainty measure*, which gives the range of probabilities that different people might assign to a given event. For the event that a coin toss comes up heads, everyone agrees on 1/2, so the measure just gives this point. For an event about which there is complete disagreement with some people sure it will happen and others sure it will not, the range would be 0 to 1.

The question then becomes how to think about the way that economic agents make decisions given the uncertainty measure. A person who is very pessimistic in the face of such uncertainty may believe that this uncertainty always resolves in the worst possible way, while a more optimistic person might think it will resolve in the best possible way. That is, if someone is betting that a particular event will occur, then the pessimist would treat the probability as if it were the lowest number in the interval, while the optimist would use the largest. More generally, an agent might put some weight on the worst case and some on the best, yielding the alpha-maxmin model of decision making.



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 **Asher Wolinsky** (Northwestern University, 2014), **Philip Reny** (University of Chicago, 2013), **Raquel Fernandez** (New York University, 2012), Nobel Prize winner **Eric Maskin** (Institute for Advanced Study, 2011), **Douglas Gale** (New York University, 2010), **Andrew Postlewaite** (University of Pennsylvania, 2009), **Ariel Rubinstein** (Tel Aviv and New York Universities, 2008), Nobel Prize winner **Alvin E. Roth** (Stanford University, 2007), Nobel Prize winner **Jean Tirole** (Toulouse, 2006), **Robert Porter** (Northwestern University, 2005), **Roy Radner** (New York University, 2004), and **Robert Wilson** (Stanford University, 2003).

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. Please visit <http://www.bu.edu/econ/alumni/> to update your contact information, check for upcoming alumni events, and more!



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