



NORTHWESTERN UNIVERSITY
Department of Economics

Annual Update for Alums

from Robert J. Gordon
Chair

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This *Update* is the third in what has now become an annual institution for the Department of Economics (hereafter DoE). As in last year's *Update*, I'll provide information on physical facilities, faculty comings and goings, and a few of the honors won thus far this year by faculty members.

No *Update* would be complete without a tribute to our magnificent Rose-Bowl-bound football team, which ended its season with a 10-1 record, 8-0 in the Big Ten. These days corridor conversation in the economics department frequently involves "how can I get tickets?" and "are you going?" than the finer points of game theory or nonparametric estimation.

Space, Facilities, and Information

As I reported last year, during 1993-94 we were temporarily off campus and in August 1994 moved back into remodeled Andersen Hall (AAH) space. During the academic year 1994-95, the remodeling of Leverone proceeded floor-by-floor, and the final completion (and relandscaping) of the enlarged and remodeled Andersen-Leverone complex occurred in September, 1995.

Our common department functions, including the main office, lounge, copy room, chair's office, departmental assistant, graduate secretary, and seminar room are located in the north wing of the first floor. Faculty and graduate student offices, a small conference room, and the computer lab are located on the second and third floors. The math center remains in its traditional location on the third floor of Leverone.

During the past year we have settled in. Perhaps the most noticeable change for the better in our new space arrangement is the lounge, which provides a phone, fresh-brewed coffee, a refrigerator, and a collection of current and back issues of major journals and current issues of major national newspapers, *Business Week*, and the *Economist*. Graduate students use the lounge morning, noon, and night for reading, talking, and grading papers. The new departmental office provides individual mailboxes for every faculty member and every graduate student, and separate boxes for distribution of workshop papers.

But despite all those mailboxes, the department functions with less paper than before. Every departmental PC is now hard-wired into the campus backbone net, and access to e-mail servers, data links, and the Internet is lightning-fast. Every faculty member and grad student has an e-mail address, and many types of announcements are made by e-mail.

Professors do many things with e-mail, from arranging meetings with each other and with students, to grading student papers submitted by e-mail. Students use e-mail in many ways — students make dates and plan parties by e-mail; grad student TAs send messages easily to professors and can receive assignments from undergraduate students; grad student RAs report on their progress to professors and clarify questions (and

are increasingly using the world-wide web to download data). Relations among professors, among students, and between faculty and students all have become easier, and "phone tag" is rapidly becoming a memory from the past.

"Graduate Connection," Web Page, and TA Awards

Two innovations occurred at the beginning of the current academic year. Responding to a perception that grad students needed a more systematic source of information about the graduate program and the department more generally, we introduced a quarterly newsletter for graduate students called the *Graduate Connection*. Assistant chair Ian Savage conceived the idea for the newsletter and acts as editor.

Ian also serves as "webmaster" for the department's new "site" on the World Wide Web (<http://www.econ.nwu.edu>). The site provides links to course listings, information from our brochure for prospective graduate students, and information on our students on the Ph.D. job market. Links are provided to home pages for each faculty member, which allows them to distribute electronically both data and research papers to a worldwide audience.

To reward good teaching by graduate students, the best one-third of our grad student TAs receive a teaching award, which consists of a certificate and a year's subscription to *Econometrica*. The prize is awarded at our traditional September party for new faculty and grad students, which is now held in the glamorous skylit atrium between Andersen and Leverone Halls.

Department Stature

Objective evidence on the quality of the DoE continues to accumulate. The most striking ranking was assembled by a team at the University of Texas, whose study is soon to be published in the *Journal of Economic Literature*. For publications in the ten most prestigious journals over the period 1988-92, ranked as the average of total pages and total pages per faculty member, Northwestern ranked *first*, ahead of Princeton, MIT, Harvard, Yale, Chicago, and Stanford.

Another striking indicator of the department's stature comes from our recent success in recruiting junior faculty and in placing our own graduate students. This year we have three new assistant professors, one of whom turned down Stanford in order to come here and another of whom turned down Yale to come here. Last year the quality of our graduate students on the Ph.D. job market was widely perceived to be the best in the country, and we placed four students in top-ten departments (two at Yale, one at Chicago, and one at Princeton).

The department has benefitted greatly from the establishment of the Nemmers Prize in Economics. This prize of \$100,000 was established by a gift to the university by Erwin Plein Nemmers and will be given every other year to outstanding economists who have not yet won the Nobel Prize. It is intended as an award of high prestige and visibility to economists of the highest rank who are in the age cohort midway between the Clark Medal and the Nobel Prize. The department benefitted in Spring 1995 from the presence of the first winner of the Nemmers Prize, Peter Diamond, who among other activities taught an advanced graduate course on modern public finance.

Faculty Comings and Goings

Welcome this year are three new assistant professors. Tim Conley and Chris Taber both received Ph.D.'s from the University of Chicago and both are econometricians. Tim has applied interests in labor economics and development, and Chris in labor economics. Joining us with a Ph.D. from Penn is Juuso Valimaki, whose speciality is Economic Theory.

We were sorry to lose two full professors to Princeton last year, Mark Watson in econometrics and Faruk Gul in theory. To make up for these losses and to further build the stature of the faculty, we are currently engaged in active senior recruiting and will soon have five simultaneous tenured offers out to prominent professors from other leading institutions.

Several faculty members are on full-year or partial-year leaves this year. Joe Altonji is on leave fall quarter. Kyle Bagwell is on leave in the spring quarter. Becky Blank is on leave winter quarter. Ron Braeutigam is on leave spring quarter while remaining in residence. Kiminori Matsuyama is on leave spring quarter to visit a number of foreign countries. Wolfgang Pesendorfer is on leave fall quarter while remaining in residence. Rob Porter is on leave fall quarter at Boston University and MIT. Bill Rogerson is on leave fall quarter while remaining in residence. Asher Wolinsky is on leave at Hebrew University for the academic year.

Faculty Honors

Here is some of the news on faculty honors and awards that has accumulated over the past year. It is quite an impressive list, and I've probably left something out.

Kyle Bagwell was appointed as an Associate Editor at the *Journal of International Economics* and the *Rand Journal of Economics*.

Rebecca Blank received a three-year grant from the National Science Foundation for her work "An Analysis of Changing Patterns in Public Assistance Use." She has recently been appointed a member of the Advisory Board to the Upjohn Institute for Employment Research.

Ron Braeutigam has been named Director of the Business Institutions Program at Northwestern, effective September 1, 1995. He has also received the Teacher of the Year Award from Northwestern's chapter of Omicron Delta Epsilon, the national undergraduate honor society in economics. Six members of the Economics Department have been awarded a grant by the Andrew W. Mellon Foundation to study the Dissemination of Scholarly Learning in electronic journals. The grant is for two years with funding of \$340,000. Ron Braeutigam and John Panzar are co-principal investigators, working with Ian Domowitz, Eddie Dekel-Tabak, Asher Wolinsky and Rob Porter.

Louis Cain was appointed to the editorial boards of the Oxford Encyclopedia of Economic History and the Encyclopedia of Chicago History. He served as Chairman of the Local Arrangements Committee for the Economic History Association meetings in Chicago in September.

Robert Coen was appointed Master of the Public Affairs Residential College, one of Northwestern's thematic undergraduate residence halls which focuses on public policy issues and activities of non-profit organizations.

Ian Domowitz is acting as a member of the organizing committee for the 1997 Winter Econometric Society Meetings. He will be responsible for sessions in the area of financial economics. He received funding from the Annenberg Washington Program to organize and conduct a two-day conference on Communications Technology and National Sovereignty in the Global Economy this last Spring.

Robert J. Gordon has been appointed to a five-member Advisory Committee to Study the Consumer Price Index, established by the U. S. Senate.

Judith Hellerstein received a National Science Foundation grant for the project "Wages, Productivity, and Worker Characteristics" (with D. Neumark and K. Troske).

Steven Matthews was awarded a three-year NSF Grant, "Dynamic Joint Decisions: Free-Riding, Multi-Issue Bargaining, and Contract Revision," starting in the Fall of 1995.

Bruce Meyer received a grant from the U.S. Department of Labor entitled "The Effects of the UI Payroll Tax on Layoffs, Employment, and Wages: A Natural Experiment in Washington State," (co-P.I. with Patricia Anderson) for the period March 1995 to March 1996. He was a member of the Program Committee for the Econometric Society Winter Meetings, January 1995.

Joel Mokyr was appointed editor in Chief of the *Oxford Encyclopedia of Economic History*. He continues to serve as co-editor of the *Journal of Economic History* and is editing two series of books, the Princeton University Press Economic History of the Western World and a series of collections for Westview Press.

Dale T. Mortensen began his term as President of the Society for Economic Dynamics and Control in July, 1995. His project entitled "Recursive Competitive Search Equilibrium: Labor Market Applications" was funded by the National Science Foundation for a two year period starting in July.

Leon Moses and **Ian Savage** were awarded the Outstanding Research Paper Award and Best Cost Analysis Research Paper at the 1995 Annual Meeting of Transportation Research Forum for their paper "A cost-benefit analysis of United States motor carrier safety programs."

Ian Savage received a renewal of his research grant from the federal Department of Transportation to study economies of scale in urban mass-transit rail operations. He and Leon Moses were awarded the Outstanding Research Paper Award and Best Cost Analysis Research Paper at the 1995 Annual Meeting of Transportation Research Forum for their paper "A cost-benefit analysis of United States motor carrier safety programs."

Christopher Taber was invited to participate in the annual Review of Economic Studies Tour for recent job market candidates.

Alan M. Taylor was awarded a travel grant by the National Science Foundation, Division of International Programs, for a period of three years to support his research on "Argentina and the Great Depression: A New Economic History" with Gerardo Della Paolera of the Universidad Torcuato Di Tella in Buenos Aires.