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# Graduate Connection

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Vol. 3 No. 2  
December 1997

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## Happy Holidays!

The faculty and staff extend their best wishes for a happy holiday season. The University will be officially closed on Wednesday December 24, Thursday 25, Wednesday 31, and Thursday January 1. The winter quarter commences on Monday January 5.

## From the Department Chair . . .

### *Faculty changes*

At the end of this quarter we bid farewell to **Rick Flyer** and **Ahmad Seifi** after their period visiting with us. Ahmad remains in the Chicago area while Rick and his family return to New York. In the winter quarter we welcome two visitors who will be teaching economic history undergraduate courses. **Anne Hanley** come to us all the way from Harris Hall where she is a post-doctoral researcher in the history department, while **David Weir** is visiting from the University of Chicago where he is a faculty member in the business school. Hanley will be in room 311 (phone 1-8234) and Weir in room 208 (1-8222).

Effective from last September 1, **Joe Ferrie** was promoted to the rank of associate professor with tenure.

### *Distinguished Teaching Assistants*

At the start-of-year buffet on October 7, I was pleased to award the Distinguished Teaching Assistant Awards for 1996-97. The winners of a certificate and a year's subscription to *Econometrica* were Matthew Magura, Elie Tamer, Cory Capps, Mark Manuszak, Michelle Zaharchuk, Una Okonkwo, Charles Moul, and Jean-Pierre Dubé. **Matt Magura** was also selected as a Teaching Assistant Fellow, and did an exemplary job of leading the training session for new Economics T.A.s in September.

## Teaching Matters . . .

### *Course descriptions - winter 97/98*

#### **Economics D12-2**

Economic Theory & Methods  
Professor Ely  
MW 9-11

132 AAH

This course surveys research in the foundations of equilibrium concepts in game theory. We describe fundamental models of individual decision-making and explore their consequences in contexts of strategic interaction, i.e. games. We then ask whether the conclusions drawn are consistent with standard higher-level solutions concepts, such as Nash equilibrium and various refinements.

We will focus on two major branches of this research. In the "learning" branch, players use the past to form beliefs about how their opponents will play in the future, and choose strategies to solve some dynamic optimization problem. The "evolutionary" approach models strategy dynamics as the result of some process of "natural selection."

#### **Economics D14-1**

Economics of Information  
Professor Wolinsky  
MW 1-3

132 AAH

The course will survey central topics in the Economics of Information. Among the topics: search, formal descriptions of information and knowledge, sorting, games of incomplete information with applications to bidding, bargaining and signaling, implementation/mechanism design, and reputation.

#### **Economics D15-2**

Advanced Microeconomics  
Professor Reiter  
TTh 1-3

372 LVR

No description submitted.

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Department of Economics/NU

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Ian Savage, *editor*  
847-491-8241  
[ipsavage@nwu.edu](mailto:ipsavage@nwu.edu)

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**Economics D16-2**

Advanced Macroeconomics  
Professor Barlevy  
MW 11-1

G29 ANN

This course is a second-year topics course in macroeconomics. It addresses the integration of labor and macroeconomic analysis. In particular, it addresses two main themes: how do macroeconomic events impact individuals via the labor market, and what we can learn about macroeconomic phenomena from empirical evidence on labor markets. The first part of the course deals with business cycles, while the second deals with growth and technological progress. The course will be primarily model-based, although there will be frequent discussion of empirical evidence and issues.

Prerequisites: Economics D11. Evaluation: occasional problem sets and a take-home exam. Reading List: selected journal articles and working papers; hopefully, lecture notes will be supplied in a course packet.

**Economics D50-2**

Industrial Organization & Prices  
Professor Porter  
TTh 11-1

132 AAH

The second quarter in the graduate industrial organization sequence. Potential topics include: product differentiation and advertising; auctions; vertical restraints; research and development and technological change; standards and networks; antitrust. The emphasis will be on recent developments in the field. Prerequisite: Economics D50-1. Evaluation: Several problem sets and a final exam. Reading List: Selected readings, many in a course packet.

**Economics D60-1**

International Trade  
Professor Matsuyama  
TTh 11-1

132 AAH

The first quarter in the two quarter graduate international economics sequence. We deal with international macroeconomics in the first quarter, while the second quarter discusses the micro side. During the first six or seven weeks, we cover the basics of open economy macroeconomics by going through the book by Obstfeld and Rogoff. Then, depending on the interest of the students, we will choose some topics such as: speculative attacks and currency crises,

international debts, stabilization policies, and international currency. The required text is *Foundations of International Macroeconomics* by Obstfeld and Rogoff (MIT Press). The recommended book is *Handbook of International Economics*, volume 3, by Grossman and Rogoff (North-Holland).

**Economics D81-2**

Econometrics  
Professor Conley  
MW 1-3

132 AAH

*Time Series Econometrics*. This course is concerned with the study of econometric techniques using time series data. Applications of these techniques are typically drawn from finance and macroeconomics, although there are many applications in other fields of economics. Specific topics in the course will include spectral analysis, generalized method of moments estimation, and vector autoregressions. The focus of the course will be on understanding how to use estimators in practice rather than a rigorous derivation of their sampling properties.

Problem sets will require students to write their own computer code (in Matlab or Gauss) to implement estimation procedures and hypothesis tests. Prerequisite: First year graduate econometrics or equivalent. Teaching Method: Lectures. Method of Evaluation: Final Exam. Textbook: Hamilton's *Time Series Analysis*.

**Economics D83**

Applied Econometrics: Cross Section  
Professor Manski  
TTh 1-3

132 AAH

The course integrates the study of econometric method with examination of empirical research. This year the course focuses on the econometric analysis of discrete choice. Methodological concerns include the derivation of choice probabilities from random utility models, parametric and semi-parametric estimation theory under random and choice-based sampling, the use of panel data to estimate models of repeated and dynamic choice, and the embedding of discrete choice models in analyses of market equilibrium. The empirical research to be examined includes contributions to the literatures on schooling and career choice, travel demand forecasting, choice of consumer durables, and investment in capital equipment. The prerequisite is Economics D80. Each

student will be expected to write an original empirical or theoretical research paper. There will be no examination.

**MEDS D60-2**

Foundations of Managerial Economics (II):  
Dynamic Optimization  
Professor Feinberg  
*Organizational Meeting: January 5 at 4pm  
in Lev 561*

We start with discrete time deterministic dynamic programming and study various economic applications, e.g., simple growth models, inventory and investment problems. We then move to discrete time stochastic models and their applications. If time allows, some basic continuous time results will be covered.

The course includes participants' presentations, which will be the basis for course grades. There are no prerequisites. The recommended text is *Recursive Methods in Economic Dynamics*, by Stokey, Lucas and Prescott (Harvard University Press, 1989).

**Statistics D61**

Nonparametric Estimation  
Professor Severini  
MW 9-10:30

2006 Sheridan

This course will consider nonparametric function estimation. The main emphasis will be on the estimation of regression-type functions in both nonparametric and semiparametric models. Topics covered will include: kernel estimation, smoothing splines, rates of convergence, semiparametric efficiency bounds, and computational issues. Additional topics to be covered will depend on the interests of the students.

There are no formal prerequisites although students should be familiar with statistical methods, including asymptotic theory, and advanced calculus. Texts: *Applied Nonparametric Regression* by W. Hardle (Econometric Society Monograph: Cambridge University Press) and *Spline Models for Observational Data* by G. Wahba (Society for Industrial and Applied Mathematics).

*1997-98 quarter dates*

Winter: Mon January 5 - Sat March 21  
Spring: Mon March 30 - Sat June 13

*1998-99 quarter dates*

Fall: Tues Sept 22 - Sat Dec 12  
Winter: Mon January 4 - Sat March 20  
Spring: Mon March 29 - Sat June 12

**E01 Graduate Student Seminar . . .***Registration*

Second year students in the winter and spring quarters and third year students in all three quarters should be registered for E01. Registration for E01 is on a P/N basis. Please make sure that you register in this way. Letter grades will not be given for this class. The Department maintains internal records of who has successfully completed their E01 paper requirements. You will need to fill in a form and get it signed by your faculty reviewer to signify that you have completed the paper and successfully presented it. The forms are available from the Graduate Secretary.

*Requirements*

The requirements for writing major papers have been reviewed several times in the *Graduate Connection*. A statement of the Department's requirements and also the details of practical arrangements are posted on the Department's web page.

*Student progress*

There have been a number of presentations during the fall quarter. Based on presentations so far and those scheduled in December we note that 16 of the 18 third year students who entered in 1995 have presented. Two have neither presented nor submitted a written paper. There are also four fourth-year students who have not presented a paper yet. These students are seriously delinquent.

You are reminded that you must complete your E01 requirements as a prerequisite for admission to candidacy. Therefore third-year students who intend to be admitted to candidacy and hence be eligible for Departmental funding in 1997-98 must have presented two papers in the E01 seminar by the end of this spring quarter. The Department intends to strictly enforce this rule.

*Winter quarter sign-up*

The sign-up sheet for winter presentations is now in the Graduate Secretary's office.

**From the Director of Graduate Studies . . .***1998 spring prelim dates*

The June examinations will be held:

Wed June 17	Macroeconomics
Wed June 24	Econometrics
Wed July 1	Microeconomics

All examinations will be held 1pm - 4pm.

*1998 fall prelim dates*

The September examinations will be held a week earlier starting next fall. In general they will be held the second week before fall classes start. It is our intention that results will be available so that financial aid decisions can be made prior to the start of the fall quarter:

Tues Sept 8	Macroeconomics
Wed Sept 9	Econometrics
Fri Sept 11	Microeconomics

All examinations will be held 1pm - 4pm. It is likely that T.A. training in 1998-99 will take place on Wednesday, September 16. First years who believe that they might be T.A.s, and do not have to retake any prelims, should be back in Evanston by Tuesday evening, September 15.

*First year foreign students*

Foreign students from non English-speaking countries should have either taken the Test of Spoken English once by now, or have registered for a definite date. Take the TSE early and often! It's the only way the Graduate School will allow the Department to award you a Teaching Assistantship.

*Funding*

Earlier this fall, I brought together in one document the Department's existing rules for funding continuing graduate students. This document does not contain any changes from our long standing policies. Rather it is a useful means to ensuring that everyone is familiar with the rules. This document has been posted on the Department's web page for some time,

and is attached at the end of this edition of the *Graduate Connection*. I urge you all to read it and become familiar with our policies.

*TA periods in residence*

Each quarter that you are a TA, you must be in Evanston from the first Monday of classes until the Monday after examinations end (which is the day that grades are filed). In the past people have left early and arrived back late, in some cases without informing the instructor they are working for. The Department will no longer tolerate this. You must arrange your vacation airline flights so as to be able to fulfill your duties. Failure to do so will be grounds for rescinding your TAship.

For 1997-98 the dates for which you must be in attendance are:

Fall: Until Mon Dec 15  
Winter: Mon January 5 - Sat March 21  
Spring: Mon March 30 - Sat June 13

**From the Graduate Secretary's Office . . .***Financial aid forms*

Renewal FAFSA forms should be arriving by mail sometime in December to those of you who have previously filed these financial aid forms. If you have moved, the post office will not forward it; you will have to obtain and complete a new form. You will be able to pick up a FAFSA form from the Financial Aid office at the Graduate School after January 14th. The best thing to do is wait until after you have filed your income tax returns for 1997 before filling out these forms.

*Income tax issues*

All first-year students who have a University Fellowship will need to report their earnings on their income tax returns - minus the cost of books, supplies and Northwestern University Health Insurance premiums. Second year students who were on a fellowship for the 1996-97 year need to report their earnings from January through May of 1997 - less books and supplies.

The University does not issue W2 forms for those students on fellowships, you are required to report these funds on your own. International students may have had deductions taken out and will receive special tax forms from the university.

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*Important dates*

Noted below are some important dates that all Economics Graduate Students should be aware of:

**December 30, 1997**

Signed Admission to Candidacy for the Ph.D. due in the Office of The Graduate School for admission prior to the Winter Quarter. Students who have completed residency and are registered for E98 at the beginning of Winter Quarter may submit completed Ph.D. candidacy forms to The Graduate School by January 12, 1998, for admission to candidacy and change of registration to E99.

**January 9, 1998**

Forms for admission to candidacy for the master's degree in Winter Quarter due in the Office of The Graduate School.

**April 3, 1998**

This is the last day to file with the Graduate School for "Admission to Candidacy." This is for students who expect to receive the master's degree in June 1998. This is also the last day to return the "Application for a Degree" for all candidates who expect their degrees to be awarded in June 1998.

**May 15, 1998**

Deadline for submission of completed dissertation and all supporting materials to be turned in to the Graduate School. This deadline is for students who expect to receive the Ph.D. degree in June 1998.

**May 22, 1998**

Last day for receipt of "Final Examination Report" and any "Change of Grade" forms for D99 Projects or E90 Research. This pertains to students who expect a master's degree to be awarded in June 1998.

If you have any questions about any of this information please stop by the graduate office.

**Funding . . .***Sloan awards*

An excellent form of financial support for those students in the final stages of their thesis research is the Alfred P. Sloan Foundation dissertation fellowships. These fellowships offer both a generous stipend and tuition payment. The Sloan

Foundation has once again requested the Department to nominate three students for dissertation fellowships.

NOW is the time to begin developing an irresistible 5-page proposal to enter in the Department's internal competition. Expect an early March deadline for submission of your draft proposal and faculty references, so NOW is also the time to gather your courage and approach faculty members with your research ideas.

*Transportation dissertation awards*

The Transportation Center offers a stipend plus tuition award to eligible students who are in the final twelve months of their thesis research. Research in the area of transportation, broadly defined, and public utilities is eligible. Applications, including letters of support from your faculty advisor, are due with the graduate secretary at the Transportation Center by March 13, 1998. For further details talk to Ian Savage.

*NU dissertation year fellowships*

The Department expects to nominate two students for the Graduate School's Dissertation Year Fellowship (DYF) competition. This is an internal NU process involving departments and programs in the humanities and social sciences. Twenty fellowships are available. Last year we were able to win one of these. To apply you need to:

- Prepare a brief (<1500 word) description of your dissertation, your progress to date, and timetable to completion.
- Obtain two NU faculty references.

Completed nominations should be given to Ethel M. King by Monday February 23. Application forms will be available from Ethel King in February. She will also have copies of the Graduate School's *Instructions for Writers of DYF Reference Letters* to give to the people writing your references. The selection committee places a high premium on projects which are (or can be made to seem) intelligible to the layperson.

In general the Department will not consider applicants who have not been admitted to doctoral candidacy, unless their advisors guarantee that the thesis will be completed by September 1999. Being nominated for the internal NU DYF will not disqualify someone from becoming one of the Department's Sloan nominees. However, because Sloan and NU have different criteria for awarding fellowships,

a separate selection procedure will be used by the Department.

*University College 1998-99*

Appointment of lecturers for University College 1998-99 will be made in January 1998. Lecturers will teaching two semester courses in the evening program. The fall semester is from just after Labor Day to mid-December, and the spring semester from the beginning of February to mid-May. Courses are taught on both the Evanston and Chicago campuses. Students who are selected to teach for University College will ordinarily be given the opportunity to teach one course in the CAS day school.

Five appointments will be made. Each student teaches one course each semester. You can teach B01, B02, B81, C10-1, C11-1, or the C level of your choice. The financial reward for two University College courses plus a CAS day course is about \$10,500. There is no tuition waiver, so these positions will appeal to students on E03 tuition.

Appointments to these positions are made by the associate dean of University College and not by the department. Applications forms will be circulated to all students in the third year and above in mid-January. After reviewing the forms and checking your CTEC records as a teaching assistant, she will invite a short list of candidates to attend an interview. The decision will be solely based on teaching ability, and not on financial necessity. Completion of all prelims is required. Priority will be given to those students who are making good progress in their degree, as defined by the Department's *Funding Criteria for Continuing Graduate Students*.

**Notes . . .***Office accommodations*

We have a shortage of graduate office carrels. If anyone is currently allocated a space but is not using it, please let Ian Savage know so that he can arrange with one of your fellow students to share the space.

*Personal copy accounts*

Graduate students can obtain a personal account on our copy machine. You will be billed at the end of each month at 5¢ a copy. To obtain an account please send an e-mail to the Assistant Chair

<ipsavage@nwu.edu> with your name and a 5-digit number to be used as your personal access code (the number must not start with a 0).

*Web page*

The department's web site contains directory information for faculty and staff, seminar listings, class information, and official documents on degree requirements. There are also links to information provided by the Graduate School, plus many interesting economics databases and sources. The URL is:  
<http://www.econ.nwu.edu>

*Next Graduate Connection*

Volume 3, number 3 will be published on March 9.

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**NORTHWESTERN UNIVERSITY**  
**Department of Economics**

**FUNDING CRITERIA FOR CONTINUING GRADUATE STUDENTS**

The funding criteria stated below are applicable to funding that is controlled and allocated by the Department. This is primarily Teaching Assistantships. It includes positions within the Department of Economics and also those working for other Departments, such as the Math Department and the MMSS program, who subcontract the appointments to such positions to the Economics Department.

The funding criteria can also be taken as a definition of making "good progress" in the Ph.D. degree. As such it will be used as a guideline for when the Department seeks to appoint people as lecturers or recommends students for outside fellowships. Faculty will also consider the progress of students when making appointments to Research Assistantships.

**Foreign Students**

Foreign students from non English-speaking countries should take the Test of Spoken English (TSE) during their first year. Since July 1997, the Graduate School requires students to score at least 50 on this test to be eligible for a Teaching Assistantship. It is Departmental policy not to seek exemptions or alternative testing for individual students.

**Second Year Students**

Funding decisions for students entering their second year will be announced after the grading of the June sitting of the preliminary examinations. Typically this will occur at the end of July. There are two *sufficient* conditions for awarding of Teaching Assistantships:

- (1) Students who pass TWO OR MORE preliminary examinations in June at the end of their first year will be awarded a Teaching Assistantship for all of their second year.
- (2) Students who pass ZERO or ONE preliminary examinations, but have received B's or better (i.e., no B-'s, B--'s, or C's) in all of their core courses will receive a Teaching Assistantship for *at least* the Fall Quarter. These positions will be extended to Winter and Spring if the student passes a total of TWO or MORE preliminary examinations at the September sitting.

These conditions are *sufficient*, but not *necessary*. In the past, various lesser combinations of grades and preliminary examination results have resulted in students receiving full or partial funding. However, if the *sufficient* conditions are not met, students won't be sure of their funding status until September.

**Third Year Students**

There are two requirements for obtaining a Teaching Assistantship in the third year. Appointments will be announced in early August:

- (1) Passing of all preliminary examinations by the June sitting at the end of the second year.
  - (2) Completion of at least one field paper which is certified as acceptable by a faculty member by July 31 at the end of the second year. While certification by a faculty member is required, presentation at the E01 seminar is not. The presentation of the paper can be in the Fall quarter of the third year, although presentation in the Spring quarter of the second year is encouraged.
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Students who only complete their preliminary examinations at the September sitting are not guaranteed a Teaching Assistantship. That will depend on whether any funds remain unallocated.

### **Fourth Year Students**

Teaching Assistantships are only available to fourth year students who have been admitted to doctoral candidacy. Remember that completion of the E01 requirement is now a prerequisite of candidacy. Students admitted to candidacy by July 31 at the end of the third year will - in normal circumstances - be offered a Teaching Assistantship for all three quarters of the fourth year.

We cannot guarantee that Teaching Assistant funds will be available for students admitted to candidacy after July 31. In any event, a Teaching Assistantship will not be awarded for any quarter in which the student has not been admitted to candidacy. For example, a student admitted to candidacy in November of the fourth year will not receive funding for the Fall quarter, and will only be funded in the Winter and Spring quarters if there are any unallocated Teaching Assistantships remaining.

### **Fifth and Higher Year Students**

The Graduate School requires students to be admitted to doctoral candidacy by the end of their fourth year. It is possible to petition the Graduate School for an extension to this deadline in exceptional circumstances.

It is Departmental policy that Teaching Assistantships are not available for students in the fifth year and above. Departmentally-controlled funding is available for teaching in the CAS day school, Summer Session and University College. Appointments to the first two positions are made by the Department, and appointments to University College are made by the Associate Dean of University College based on departmental advice. Appointments to all of these positions are based on demonstrated teaching ability and not on financial need. In general, the Department will require that students for these positions have made "good progress" in their degree, as defined by the appropriate funding criteria listed above.

John C. Panzar  
Director of Graduate Studies  
October 1997

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