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News

Recent Honors

Congratulations to **Nir Jaimovich**, and **Enrichetta Ravina** on winning NU Graduate School Dissertation Year Fellowships, and to **Ran Abramitzky** for winning a similar award offered by WCAS. The Department's Robert Eisner Fellowship for the coming academic year has been awarded to **Joerg Stoye**. This award will be presented at the Fall Buffet and honors our late colleague's dedication to both teaching and research.

Joel Mokyr's most recent book *Gifts of Athena: Historical Origins of the Knowledge Economy* (Princeton University Press, 2002) won the Don K. Price Prize for the best book relating to technology from the American Political Science Association.

Congratulations also to **Ron Braeutigam** and **Eric Schulz** on their election to the annual ASG Faculty Honor Roll. Students voted on-line for the honor roll in conjunction with the ASG elections.

Faculty Changes

Joining the faculty this fall is **Raquel Bernal**. She has just completed her PhD at New York University. Her research interests include labor economics, econometrics, and applied microeconomics. Raquel is in room 347 (phone 1-8219).

Three of our assistant professors have moved on. **Gadi Barlevy** moves to the Federal Reserve Bank of Chicago. **Jeff Ely** will be at Boston University, and **Ricky Lam** will be working for the consulting firm McKinsey and Company in Chicago. **Wolfram Latsch** has moved to Seattle and will be teaching for the University of Washington after two years with us as a very successful lecturer.

Staff Changes

The Department welcomed **Lynette Horn** as our new Department Assistant last spring. There have been recent changes in the main office as Rhonda Jefferson is no longer with the University. We are currently recruiting for a replacement. In the meantime, **Jelani Branch**, from the NU temporary pool, is ably assisting us.

Visitors

The department has a number of visitors this year. **Sam Williamson** will be visiting in the fall and winter quarters from Miami University of Ohio. He is an economic historian, and will be teaching an undergraduate U.S. economic history course. He will be in room 3218 (1-5395).

Patricia Reagan will be visiting for the entire year from the Ohio State University. Her interests are labor economics and industrial organization. She will be in room 3221 (1-8233).

Later in the year we will welcome **Ali Hortacsu** from the University of Chicago. He will be visiting the Center for the Study of Industrial Organization in the Winter and Spring Quarters. **Reuben Gronau**, a labor, regulatory and transportation economist from the Hebrew University of Jerusalem will be here in the Spring Quarter, when he will teach a graduate course on household behavior. **Chris Sleet**, a macroeconomist from the University of Iowa will be here from the University of Iowa starting in the Winter Quarter. The Transportation Center will be welcoming **Ken Small**, from the University of California at Irvine in the Spring Quarter. Further details on these visitors will be given in future editions of the *Graduate Connection*.

The University has provided funding for a series of short term visitors for one or

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two weeks. Already confirmed for the Fall Quarter are: **Luca Dedola**, a macroeconomist from the Bank of Italy for the week of October 13, **Vijay Krishna**, a theorist from Pennsylvania State University for the week of October 20, **Fabien Postel-Vinay**, a labor economist from the Institut National de la Recherche Agronomique in Paris, France for the week of November 10, and **Costas Meghir**, an econometrician from University College London will be here for the week of November 17. All four will be using room 3232 (1-8221).

In addition we will be welcoming visitors as part of our Department-Wide Seminars, and as part of the lecture series in international trade and development economics. See announcements for these under the "Events" and "Teaching" sections, respectively.

Welcome to our First-year Grad Students!

Welcome to the Department of Economics and to Evanston. We hope that your years with us are productive and fulfilling. Please take the opportunity to mix with other graduate students and the faculty. A good way of doing this is at the TGIF held every Friday at 5:00PM in the lounge (Andersen Hall 327).

The Director of Graduate Studies has prepared some information on goals for first year students, which answers many frequently asked questions. This is posted on our web site under the "PhD - Current Students" section. In addition the web site discusses the English language requirements for appointment to Teaching Assistantships, the primary form of financial support in years two to five. Please make sure you are aware of these rules, and place a high priority on making sure that you comply. In the past, otherwise qualified students have gone unfunded because they did not meet the language requirements on time.

The Director of Graduate Studies will hold an orientation for first year graduate students on Monday, September 22 at noon in the Lecture Room (Andersen 3245).

Departmental Management

The management team of the Department continues unchanged. The team is:

Martin Eichenbaum - Chair

Ian Savage - Assistant Chair

Joe Ferrie - Director of Graduate Studies

Mark Witte - Director of Undergraduate Studies

Asher Wolinsky - Director of Graduate Admissions

Robert Gordon - Director of Graduate Placement

Bruce Meyer - Director of Computing

Events

Teaching Assistant Training

A two-afternoon program will be held on both Wednesday and Thursday, September 17 and 18 for the training of new Teaching Assistants. This is organized by the Searle Center for Teaching Excellence. All TAs who will be teaching for the first time this year, or missed last year's program, are required to attend. The training will last from 12:30PM to 4PM. Go to Harris Hall 107 on the 17th for a general orientation. You will then go to specialized sessions for economics TAs led by Jeff Prince, one of the Department's outstanding TAs.

Orientation for First Year Students

The Director of Graduate Studies will hold an orientation for first year graduate students on Monday, September 22 at noon in the Lecture Room (Andersen 3245).

Orientation for Second Year Students

Second year students are invited to attend a session on Tuesday, September 23 from 1PM - 4PM in Andersen Hall 3245. Presentations will be made by the Director of Graduate Studies on the requirements for the Ph.D. degree, funding mechanisms, and the 501 seminar. Short presentations

will then be made by faculty describing the field course choices available in the Department and within KSM.

Start-of-Year Reception

Faculty, staff, graduate students, and their families are all invited to the start of year buffet and reception that will be held in the south end of the Louis Room on the second floor of Norris University Center at 7PM on Tuesday, October 8.

This reception will also feature the awarding of the Department's Distinguished Teaching Assistant awards for last year. The winners will receive a certificate and a year's subscription to *Econometrica*.

Orientation for Students on the Job Market

Robert Gordon, Director of Graduate Placement, will be holding an orientation session for students who are going on the job market on Monday, September 29 at 5:15PM in Andersen Hall 3245. For more details see the Placement Report below.

Department Wide Seminar

We are pleased to report that **Paul Milgrom** of Stanford University will be the department-wide seminar speaker this fall. He will be visiting us from October 29 to October 31, and giving seminars on Thursday, October 30 and Friday, October 31. Professor Milgrom's research is in microeconomic theory, game theory, and comparative institutional analysis.

We are also pleased to announce that **Avinash Dixit** of Princeton University has agreed to visit us as the Spring 2004 department-wide seminar speaker during the week of May 3-7.

Teaching

Course Offerings 2003-04

The schedule for graduate courses for 2003-04 is shown on the "classes" page of

the Department's web site, along with the timings for each quarter.

This Quarter's Course Descriptions

The Department has a policy to avoid the problem of excessive awarding of incomplete grades. Please see our web site for a complete statement. Report any problems to the Director of Graduate Studies.

Economics 412-1

Economics Theory and Methods

Professor Chung

MW 9-11

AAH 3245

This is an introduction to implementation theory. Topics include: (1) the common driving force behind impossibility theorems; (2) possibility theorems using non-direct-breaking solution concepts; (3) possibility theorems using domain restrictions; (4) robust mechanism design; and (5) message games vs. button games. Evaluation will be by means of an in-class presentation.

Economics 414-2

Economics of Information

Professor Zheng

TTh 9-11

AAH 3245

The focus of this course is auction theory. The first part of the course is a detailed training of all the essential results and techniques in the received theory (Myerson's optimal auction, Cremer-McLean full extraction theorems, Milgrom-Segel envelope theorem, analysis of first-price auctions). The second part is a discussion of several active and productive topics: resale and renegotiation, endogenous entry through dynamic stochastic search, liquidity constraints and default risk, multiple objects, multiple sellers, and informed principals. The third part is a discussion of the Diamond-Dibvig model of bank runs, where there has been one successful application of the techniques of auction/mechanism design.

Grades are based on problem sets and presentations.

Economics 416-1

Advanced Macroeconomics

Professor Christiano

MW 1-3

AAH 3245

No description received.

Economics 440-1

Economics of the Labor Market

Professor Taber

MW 9-11

AAH 3204

This is the first course in a two-semester sequence in labor economics (the second will be taught in the Spring by Professor Mortensen). The goal of this course is to synthesize theory, econometrics, and empirical work in labor economics. The emphasis of the course will be on the determinants of wages. Topics will include equalizing differentials, human capital, labor supply, and the changing wage structure.

Grading will be based on a paper. Students may either attempt to replicate and extend an empirical labor economics paper, or they may try a more original empirical project. This project can be done either alone or in groups.

Economics 450-1

Industrial Organization and Prices

Professors Whinston & Porter

TTh 11-1

AAH 3245

The first quarter in the graduate industrial organization sequence. An introduction to industrial organization theory and empirical analysis. Topics include: monopoly pricing; price discrimination; oligopoly price and output; empirical studies of structure, pricing and profitability; dynamics of market structure; product selection; advertising; innovation and R&D. The emphasis will be on the estimation and testing of game theoretic models, and especially on recent developments in the field.

Evaluation is by several problem sets and a final exam. Selected readings, many in a course packet, and the required text is *The Theory of Industrial Organization*, by Jean Tirole (MIT Press, 1988).

Economics 481-1

Econometrics

Professor Manski

TTh 1-3

AAH 3245

This graduate field course in econometrics examines the ways in which inferential problems limit the conclusions that may be drawn in empirical research, with emphasis on problems of partial identification. Each student will be expected to write an original empirical or theoretical research paper. There will be no examination.

Economic 483

Cross Sectional Methods

Professor Bernal

TTh 9-11

AAH 3204

This course will cover econometric methods for micro data. The focus will be on maximum likelihood estimation of discrete choice models, selection models, and discrete programming models. A large number of models involving the solution of individual decision rules in static and dynamic contexts or the determination of equilibria in a general equilibrium framework can only be solved numerically. For this reason, we will emphasize some simulation methods to solve and estimate models in microeconomics. There is no required textbook; instead there will be readings mostly from articles. The course grade will consist of a midterm exam (40%) and depending on enrollment either a one hour presentation by each student or a short paper about an application of any of the topics covered in class (60%).

Economics 498-1

Advanced Topics

Professor Moriguchi

MW 11-1

Library 5746

Note that this course will count toward the Department's history requirement, and can be combined with 420-1 or -2 to form a history field sequence. This course examines the development of economic institutions and business organizations in various countries from comparative historical perspectives. It also explores the mechanism of institutional change and its implications for economic growth. To pursue these goals, the course combines several theoretical and empirical methods, including game theory, econometric analysis, case studies, and historical narratives. The main topics of the course include agricultural tenancy, business corporations, employment contracts, supplier relations, and technological innovation. Evaluation will be based on class participation, several article reviews, and a final research paper.

MECS 449-1

Competitive Strategy

Professor Spulber

TF 3:30-5

LEV 165 or 166

The course is the first quarter of the graduate strategy sequence. The course will introduce PhD. students to economic analysis of competitive strategy. The course will focus on the economic theory of the firm. The course will review existing theories of the firm including the neoclassical, industrial organization, contractual, and organizational incentive theories of the firm. The course then will present a unified theory of the firm. The course will examine such topics as market making, intermediation, contracts and agency in the context of the theory of the firm. In addition, the course will examine the consequences of a management strategy perspective for economic theories of the firm. Text: Daniel F. Spulber *Market Microstructure* (Cambridge University Press). Note the Tuesday

sessions of the course may begin at 4pm, if needed, to avoid time conflicts.

MECS 460-1

Foundations of Management Economics

Professor Vohra

Students interested in the class should email Prof. Vohra by Sept 19th with their time availability.

The course deals with the application of three fundamental mathematical results to a host of problems in mathematical economics and game theory. The three problems deal issues of feasibility (given a function f and a set S , (find an x such that $f(x)$ is in S), optimality (find an x in S that optimizes $f(x)$) and the fixed point problem (find an x in S such that $f(x) = x$). The solutions to these problems, under assumptions about the nature of the underlying function (say it is linear, convex or continuous) and the nature of the set S (convex, compact etc.) are used to analyze input/output systems, no-arbitrage theorems, auctions, marriage problems, Arrow's Impossibility theorem, the min-max theorem, the principal agent problem, existence of Nash and correlated equilibria and existence of the core.

MECS 465

Contract Theory and Mechanism Design

Professor Baliga

F 12-3

LEV 561

Topics include: static and dynamic moral hazard models; static and dynamic adverse selection models; renegotiation; theory of the firm and foundations of incomplete contracts; implementation theory.

Approximately half the class will consist of student presentations of recently published and unpublished papers in the field. Evaluation is by several problem sets and the presentation. Recommended texts are Bernard Salanie (MIT Press) and Lars Stole *Lectures on Contracts and Organizations* (mimeo).

MECS 469

Advanced Applied Economics

Professor Kamien

This course replicates material in Economics 410-1, and therefore will not be considered for credit as a field course.

Finance 485

Introduction to Financial Theory

Professor Skiadas

M 3:15-6

AAH 4214

This course is an introduction to asset pricing theory and portfolio choice. The first part of the course introduces arbitrage theory, including state prices, equivalent martingale measures, beta pricing, and the associated mean-variance analysis. The second part deals with optimal consumption/portfolio choice of agents and competitive equilibrium in the context of general preferences. The third part considers more detailed preference structures, including the theories of fund separation and Gorman aggregation, and expected utility theory. Time permitting, the course concludes with an introduction to rational expectations models with asymmetric information. While the course is self-contained, it is best appreciated by students with some knowledge of microeconomics. Proficiency in elementary linear algebra and probability theory is required, as is some knowledge of basic nonlinear optimization theory.

Finance 486

Seminar in Corporate Finance

Professor Fishman

TTh 1-4

LEV 430

The primary emphasis of this course is on the theory of corporate finance. Topics include the Modigliani-Miller invariance theorems; the role of taxes, incentives, asymmetric information, and product market competition in the choice of capital structure; optimal security design; financial intermediation; financial market regulation; and mergers and acquisitions. The readings consist of journal articles and

working papers. Evaluation is through problem sets, referee reports and an exam.

International Trade and Development Lecture Series

Again this year, the Department will be hosting a lecture series in International Trade and Development Economics. Each lecturer will stay for two weeks, and give six hours of presentation. The lectures will primarily be in the Fall and Spring Quarters. Graduate students can take this lecture series for credit by enrolling for an Independent Study with Professor Matsuyama in the **Spring Quarter**. This Independent Study can be combined with Economics 460-1 (to be taught in the Spring Quarter) to satisfy a field requirement.

Besides attending the lectures, students must also write a short summary of the research presented by each lecturer and prepare a research proposal on a related topic. Of course, faculty and auditing students are also welcome to attend the lecture series.

The initial speaker will be **Francesco Caselli** of Harvard University. He will be here for the weeks of October 20 and 27. Dates, times and locations of the lectures will be advised by e-mail, as will the arrangements for the other lecturers.

Economics 501 Seminar

The 501 seminar is the mechanism by which students meet the Department's requirement that they write papers in two different major fields (in addition to the history paper requirement) prior to doctoral candidacy. Full details of this requirement and practical information on the seminar are shown on our web site.

For 2003-04 the seminar will be run by Professor Alessandro Pavan. This fall the seminar will meet on Tuesdays and Wednesdays at 5:15PM in the Lecture Room (Andersen 3245). There will be one presentation each day and the seminar will last for one hour including the question-and-answer period.

This fall third-year students will be

presenting the paper that they submitted earlier this summer. An initial draft schedule with random assignments of students to specific dates is listed below. Pareto-improving exchanges are permissible, and should be communicated to Professor Pavan.

Week of	Tuesday	Wednesday
9/22	No Meeting	Halaburda
9/29	Maruyama	Boffa
10/6	Salgado	Kuszewski
10/13	Huang	Antov
10/20	Wood	Piccolo
10/27	Rosen	Freitas
11/3	No Seminar	Zhang
11/10	Todd	Guerron
11/17	Sher	Coates
11/24	Vlaicu	Thanksgiving
12/1	Pingali	Laschever
12/8*	Guerron	Liu

* additional seminar on Monday, December 8 - Trivisvavet.

Formal Announcements

Funding Guidelines

The Department has formal rules for the allocation of funding for students in years two through five. This document is posted on our web site. Please read this document as *the Department strictly enforces these funding criteria*.

Preliminary Examinations

The Department has rules on the number of times that students are allowed to take prelim examinations, and the conditions for such retaking. These affect whether some second and third year students will be allowed to continue in the program. The rules are posted on our web site. Please make sure that you are familiar with them.

Dates for future prelim examinations have been set. The ordering of the three examinations will rotate each year. For the

coming year, the dates are:

Spring 2004 Sitting

Wed June 16 Microeconomics
 Wed June 23 Macroeconomics
 Wed June 30 Econometrics
 All examinations will be held 1PM - 4PM.

Fall 2004 Sitting

Wed Sept 1 Microeconomics
 Thur Sept 2 Macroeconomics
 Fri Sept 3 Econometrics
 All examinations will be held 1PM - 4PM.
 Note: examinations are *before* Labor Day.

TA Periods in Residence

Each quarter that you are a TA, you must be in Evanston from the first day 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. The Department will not tolerate this. You must arrange your vacation airline flights so as to be able to fulfill your duties. This is especially true as you make travel arrangements for the coming holiday season. Failure to do so will be grounds for rescinding your TAship. For 2003-04 the dates for which you must be in attendance are:

Fall: Wed Sept 24 - Mon Dec 15
 Winter: Mon January 5 - Mon March 22
 Spring: Mon March 29 - Mon June 14

Graduate School Deadlines

September 30 submit your Application for Admission to Candidacy to the Graduate School to be granted a Master's Degree in December.

November 7 is the last day for return of the Application for a Degree for all candidates who expect their degrees to be awarded in December.

December 5 is the last day for submission of the COMPLETED dissertation and all supporting materials to the Graduate School for students who expect to

receive the Ph.D. degree in December. **December 12** is the last day for receipt of the Final Examination Report and any Change of Grade forms to the Graduate School for Master's candidates who expect their degrees to be awarded in December.

Funding Opportunities

Teaching for Summer Session 2004

Application forms for teaching in the Summer Session 2004 will be circulated to all graduate students in the third year and above in early October. Appointments to these positions will be made by the Director of Graduate Studies and the Assistant Chair. This has traditionally been a popular form of summer support.

Appointment of lecturers for the School of Continuing Studies (evening program) and the regular WCAS day school for academic year 2004-05 will be made in February 2004. These positions provide valuable teaching experience for students with good teaching skills. They can provide a more certain form of funding for students in their fifth year, especially for those not going on the job market.

Non-Departmental Funding

There are a number of funding awards for continuing students that have application deadlines during the Fall Quarter. A special web page details these, and includes links to more details and application forms. See the link from the page for current students under the PhD section of our web site.

In particular NSF Fellowships available to U.S. citizens and permanent residents, have a deadline of November 6. You can apply on-line.

The SSRC will be awarding dissertation fellowships for theoretical or empirical dissertations on philanthropy, volunteer labor, the role of nonprofit relative to governmental or for-profit firms, and related matters. The deadline is December

1, 2003. More information is available from Professor Weisbrod.

The Graduate School has a number of fellowships available for 2004-05. The Alumnae Dissertation Fellowships offer a year of stipend and tuition to women who will be registered for 503. Deadline is December 19. Applications should be made directly to The Graduate School.

Deadline for applications for the Graduate School and WCAS Dissertation Year Fellowships, which cover tuition and stipend, are due at the end of the first week of Winter Quarter. Applications must be made to the Department's Director of Graduate Studies and not directly to The Graduate School. You only need to apply once to be eligible for both competitions. More information will be given in the December *Graduate Connection*, but it is not too early to be thinking about your application and talking with your advisor.

Placement Report

Best wishes are offered to the following people as they start their professional careers:

- Jeffrey Ballou** - Northeastern University
- Levon Barseghyan** - Cornell University
- David Barth** - Bates White Ballentine
- Mauricio Drelichman** - University of British Columbia
- Maria Gonzalez** - Pompeu i Fabra, Spain
- Max Kwiek** - University of Southampton
- Francesca Molinari** - Cornell University
- Hugo Nopo** - Middlebury College
- Antonio da Silva** - Lehman Brothers
- Randall Watson** - University of Texas, Austin

This year's job market

Robert Gordon, Director of Graduate Placement, will be holding an introductory meeting on Monday, September 29 at 5:15PM in Andersen 3245 for students planning to be on the job market.

The Department has longstanding procedures and deadlines to ensure that

vitae and job market packets are prepared on time. Students who intend to be on the job market can collect a hard copy of the document outlining these arrangements from the Graduate Secretaries Office. It is also posted in PDF format on our web site.

Graduation Rates

The department has kept detailed records on the progress of students entering our Ph.D. program since 1985. In the fall issue of the *Graduate Connection*, we report an update of some information that may be of use to you. The first table shows the percentage of each class making it to completion of preliminary examinations, candidacy, and completion of the Ph.D.

Class	Prelims	Candidacy	Ph.D.
1985	100%	73%	67%
1986	79%	68%	58%
1987	74%	47%	47%
1988	72%	56%	50%
1989	68%	61%	54%
1990	52%	48%	32%
1991	54%	49%	43%
1992	58%	55%	42%
1993	75%	69%	56%
1994	79%	76%	62%
1995	74%	63%	56%
1996	91%	83%	65%
1997	91%	73%	na
1998	86%	76%	na
1999	89%	67%	na
2000	81%	na	na
2001	92%	na	na

For the 287 students entering between 1985 and 1996, on average 71% passed prelims, 61% achieved candidacy and 52% received a doctoral degree. These data are skewed downwards by the effect of several large entering classes during the recessionary years of the early 1990s which had high drop out rates.

The second table shows the time to

completion for students entering between 1985 and 1996. Completion is based on the date that the degree was awarded, which may be up to a year from the time that the student left Northwestern to take up a job. The mean is 5.93 years and the median is 6.0 years.

Duration	Number of Students
3 years	2
4 years	8
5 years	55
6 years	46
7 years	22
8 years	6
9 years	5
10 years	3
12 years	1

Notes

Office Allocations

A provisional allocation of students to rooms was circulated before Labor Day. We have been able to seat most, but not all, of the students on our published priority list. However, we still have some students who need space. Therefore if you believe that you will not use your carrel please tell the Ian Savage so he can reallocate it.

Students are encouraged to make Pareto-improving exchanges of spaces, but please let the Assistant Chair <ipsavage@northwestern.edu> know by September 19, so that we can produce a student directory.

E-mail Group Mailing Lists

The Department has four group mailing lists. The group mailing list for graduate students is:

<econ-grads@northwestern.edu>.

There is also a list called

<econ-1stys@northwestern.edu>

which is for first year and BA/MA students. Do not mail to both of these lists as the second is a sub-set of the first.

To permit these mailing lists to be updated, first-year students should activate their e-mail account as soon as possible, and modify their alias if necessary, and certainly by September 19. We will then update the group mailing lists for the coming year. If you change your e-mail address after this date, you risk not being on the mailing lists. Also, until the first day of classes, the new first year students will not be part of the group mailing lists.

Research Assistants

Everyone who is scheduled to be a RA this year should see Lynette Horn before their assigned quarter begins. She needs ample notice to process the necessary paperwork to make sure that you are paid.

Personal copy accounts

Graduate students can obtain a personal account on our copy machines. 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@northwestern.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).

Computer Lab Printer

The Department has provided a new, high volume printer in the Computer Lab. This printer permits double sided printing. Save the planet, and select this option whenever you can.

Next Graduate Connection

Volume 9, number 2 will be published on December 2.