

# Graduate Connection

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December 2016

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## News

### *Happy Holidays!*

The faculty and staff extend their best wishes for a happy holiday season. The University will be officially closed from the end of business on Thursday December 22 and reopen on the morning of Tuesday January 3. Winter quarter commences on Tuesday, January 3.

### *New Building*

It is looking more likely that the Department will move to the new building during the week of March 13 (exam week of Winter Quarter). We will issue special editions of the *Economics on the Move* newsletter to provide practical information. The current plan is for the moving company to move boxes containing the books and papers of graduate students in years 2 and up on Thursday March 16. These boxes will be provided ahead of time for you to pack your belongings.

Here are some things to note now:

- Access to the building and elevators after hours will be by a chip embedded in your Wildcard. So you should check to see if your existing Wildcard is smart or not. Look on the back and see if you can see the text "© HID iClass" written in small print upside down by the magnetic strip. If your card has this, then you are all set, and you don't need to do anything unless it is expiring soon. If not you should immediately get a new card from

the Wildcard office at no charge, even if your card has not expired.

- First-year students will need to provide two padlocks for the lockers in the locker room.
- Carrel rooms with 5 or more workstations will have electronic doors locks tied to your Wildcard.
- Carrel rooms with 3 or 4 workstations will have traditional metal keys that will be distributed just before we move.
- Economics graduate classes will meet in our current building for the entirety of Winter Quarter, including any final exams. It is possible that some Kellogg PhD classes may move mid-quarter.

### *Distinguished Teaching Assistants*

The Distinguished Teaching Assistant Awards for 2015-16 were presented at the start-of-year buffet on October 9. The winners of a certificate, a limited edition coffee mug, and a year's subscription to *Econometrica* were **Arjada Bardhi, Gideon Bornstein, Sena Ekin Coskun, Gabriela Cugat, Matias Escudero, Loren Fryxell, Sergey Gitlin, Joseph Hardwick, Sebastian Kohls, Matthew Leisten, Chiara Maggi, Giacomo Magistretti, Jordan Norris and Alex Theisen.** These awards are given to the top third of our Teaching Assistants, based on student and faculty evaluations. These awards have been listed prominently on the vita of our students on the job market, and act as a strong signal to potential employers of your teaching capabilities. This is especially true for

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students from countries where English is not the first language.

### *Susan Bies Research Prizes*

Also at the Buffet, the Department presented the annual Susan Schmidt Bies Prizes for Doctoral Student Research on Economics and Public Policy. The awards are given to the best public policy papers presented as part of the Economics 501 seminar. The winners for 2015-16 were **Sasha Indarte** for a paper on "Contagion via Financial Intermediaries in Pre-1914 Sovereign Debt Markets" and **Sam Norris** for "Rise and Shine: The Effect of School Start Times on Academic Performance from Childhood through Puberty." The prizes were generously donated by alumna **Susan Schmidt Bies** (PhD, 1972). Her professional career included serving on the Board of Governors of the Federal Reserve System.

### *Robert Eisner Memorial Fellowships*

Also awarded at the buffet were fellowships to honor the late faculty member and AEA President Robert Eisner. For 2016-17 the Fellowships were awarded to **Gideon Bornstein** and **Vishal Kamat**. The fellowships are awarded annually to fourth year students who have distinguished themselves in both teaching and research.

### *Congratulations*

**Enrico Berkes** was selected as a 2017 Kauffman Foundation Dissertation Fellowship holder.

Professors **Scott Ogawa**, **William Rogerson** and **Eric Schulz** were chosen for the 2015-16 Faculty Honor Roll award organized by the Associated Student Government. Undergraduate students nominated professors that go above

and beyond expectations, and the winners were selected from the list of nominations as faculty members who are truly exceptional.

### *Faculty News*

We are excited to announce that development economist **Christopher Udry** will be joining the Department in the summer of 2017. He is currently a senior professor at Yale University. Chris started his career here at Northwestern in the 1990s.

As a reminder, **Joseph Ferrie** continues as the acting DGS for Winter Quarter. DGS **Wojciech Olszewski** returns from leave for Spring Quarter.

### *Staff News*

**Sarah Muir Ferrer** has been promoted to Assistant Director of Administration. This is in addition to her role in coordinating our undergraduate program.

**Heather Petrie** joined the Department in our main office as our events coordinator.

We are currently recruiting to fill an additional position in our main office. **Abby Blanchard** has been assisting us in the interim.

**Caitlin Rowe** is the new research manager for the Center for the Study of Development Economics. She replaces **Pricilla Marimo** who has taken a position in a research institute in Uganda.

**Alex Poling**, our IT specialist, will be moving his office to room 311 from the start of the Winter Quarter.

### *Visitors*

Three of our existing visitors will remain with us for the entire academic year: **Natalia Fabra**, **Mara Squicciarini** and **Phil Reny**.

**Anastasios Karantounias** of the Federal Reserve Bank of Atlanta will be arriving in mid-February and

staying until the end of the academic year. He will be in room 3231.

We will have additional visitors in the Spring Quarter, including Nemmers Prize winner **Richard Blundell**. Further details will be provided in the March *Graduate Connection*.

## **Events**

### *AEA Annual Meeting*

The annual meetings of the American Economic Association will be held in Chicago on Friday to Sunday, January 6-8. If you are at the conference, stop by the NU annual cocktail party in the Field Room of the Hyatt Regency Chicago, 151 East Wacker Drive, from 6-8pm on the Friday.

### *Martin L. King Jr. Day*

On Monday, January 16, the University is closed and all classes are canceled in observance of Dr. Martin Luther King Jr. Day.

### *Mark Your Calendars*

Mark your calendars for these special events in the Spring Quarter. Full details will be given in the March *Graduate Connection*.

- April 3 (Monday): Prospective graduate student visit day.
  - April 19 (Wednesday) at 5:30pm: Nancy L. Schwartz Memorial Lecture featuring Vince Crawford of the University of Oxford at the Allen Center
  - April 28-29 (Friday, Saturday) Center for the Study of Industrial Organization (CSIO) conference honoring Robert Porter.
  - May 2 (Tuesday) Bies Lecture by Claudia Goldin of Harvard University. Time and Location to be announced.
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- May 12-13 (Friday, Saturday) CSIO joint conference with the Toulouse School of Economics held here in Evanston.
- May 17 (Wednesday) at 4:30pm: Nemmers Prize lecture by Richard Blundell at the Allen Center.
- May 18-19 (Thursday & Friday): Nemmers Conference at the Allen Center.

## Teaching

### *Special Note*

The first day of Winter Quarter is Tuesday January 3. On that Tuesday, Monday classes will be held. So that week MW classes will meet TW, and TTh classes on Th only.

### *Seminar Registrations*

The Department will not be offering Econ 501 and the 500-level workshop classes in the Winter Quarter when these classes usually do not meet. They will return in the Spring Quarter. Students who need to register for additional credits to maintain full-time status should use Econ 590 (for second year students) and TGS 500 (for older students).

### *This Quarter's Course Descriptions*

The Department has a policy to avoid the problem of excessive awarding of incomplete grades. Please see the "Goals for Second and Third Year Students" page of our web site for a complete statement. Report any problems to the Director of Graduate Studies.

#### **Economics 414-2**

Economics of Information

Professor Guo

TTh 11:00-12:50                      Jacobs 3245

This course covers mechanism design without monetary transfers. It reviews the main papers including the very recent contributions and has a focus on analytical tools. Among the topics covered are: delegation, dynamic mechanisms, matching (in particular school choice), and information design.

Evaluation will be based on two written referee reports and an oral presentation.

#### **Economics 416-1**

Advanced Macroeconomics

Professor Berger

MW 3:30-5:20                              Jacobs 3204

This is an empirical course with a focus on using micro data and models with microeconomic heterogeneity to understand macro phenomenon. Recent increases in computational power and the availability of "big data" have been transformational in empirical macroeconomics. The use of micro data provides additional discipline on macroeconomic models and often leads to insights or conclusions that differ from analysis using aggregate data alone. This course will build the computational and empirical tools necessary to bring micro data to heterogeneous agent macro models.

#### **Economics 420-2**

European Economic History

Professor Mokyr

TTh 9:00-10:50                              Jacobs 3204

This course is devoted to recent papers in economic history written in the language and tradition of modern economics. In the past decade, a great deal of economic history has been written by scholars (some full-

time economic historians, others part-timers and interlopers) who are applying economic theory and econometric methods to historical issues and have produced and utilized new and innovative databases. The purpose is to survey a sample of this recent literature, provide it with more historical context and motivation and stimulate similar research.

After an introductory lecture by the instructor, the course will be student-driven. Starting in week 2, each student will be in charge of a number of class presentations of papers on the reading list. The readings will be allocated on a first-ask first-serve basis, subject to the constraint that all papers have to be covered and that distribution is about as equitable as is humanly possible. Each student should prepare a PowerPoint lecture of about 30-45 minutes on her/his assigned papers, summarizing the most interesting and important findings, while reviewing the methodology and sources used.

#### **Economics 425-2**

Theory of Economic Development

Professor Beaman

TTh 1:30-3:20                              Jacobs 3204

This course provides students with a solid background in theory and econometrics to do applied microeconomic research. Applications will relate to empirical microeconomic issues in developing countries while drawing on evidence from labor economics as appropriate. The course will cover topics including: agriculture, labor markets (in developing and some papers on developed countries), education, experimental techniques, and social interactions.

Evaluation will be based on referee reports, in-class presentations, and a research proposal.

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**Economics 440-1**

Economics of the Labor Market

Professor Notowidigdo

MW 9:00-10:50

Jacobs 3204

This course studies topics in labor economics, surveying both theoretical and empirical work in the field. The topics will be focused around the core areas of labor supply, labor demand, and human capital.

The theoretical models will include dynamic labor supply models, models of skill-biased technological change, and models of signaling, skill premia, and self-selection. The empirical work will focus on recent papers studying human capital, inequality, trade / offshoring, and immigration.

Evaluation will be by several problem sets, which include both theoretical and empirical work, as well as a comprehensive final exam.

**Economics 450-2**

Industrial Organization and Prices

Professors Illanes and Porter

MW 11:00-12:50

Jacobs 3245

This course is an introduction to several topics in industrial organization theory and empirical analysis. Topics include: empirical studies of pricing; estimation of production functions; empirical studies of differentiated product industries; price discrimination; entry, growth and turnover; advertising and information disclosure. The emphasis will be on the estimation and testing of game theoretic models, and especially on recent developments in the field.

Evaluation will be by several problem sets and a final exam. Economics 450-1 is a prerequisite for this course.

**Economics 460-1**

International Economics

Professor Mestieri

MW 1:30-3:20

Jacobs 3204

Topics covered by this course include: endogenous growth theory (Schumpeterian and expanding variety model), neoclassical models of trade (Ricardian and factor proportion models), and trade with increasing returns and monopolistic competition (new trade theory, firm heterogeneity).

Evaluation will be by class participation and discussion of selected readings.

**Economics 481-2**

Econometrics

Professor Canay

MW 1:00-2:50

Jacobs 3245

This course covers modern econometrics topics from a theoretical point of view but with lessons for practitioners. It is divided in four parts. The first part is about different ways to do asymptotic approximations, with special attention to approximations of power curves. The second part covers uniformly valid approximations, with applications to the bootstrap, subsampling, and inference in moment inequality models. The third part discusses methods for assigning units into treatment and control in randomized controlled experiments, and studies inference on the average treatment effect in experiments involving covariate-adaptive randomization. The last part presents recent methods for inference with few heterogeneous clusters.

Evaluation will be by problem sets, weekly reports, and a topic presentation. The books *Asymptotic Statistics* by van der Vaart (Cambridge U.P., 2000) and *Testing Statistical Hypothesis* by Lehmann and Romano (Springer, 2005) include many of the topics of parts I and II.

Selected readings and lecture notes are provided for the last two topics.

*Note that Kellogg's MECS department has reorganized its classes to form sequences. In addition Kellogg PhD classes have been renumbered from the 400 level to the 500 level.*

*Also note that in week 1 Kellogg will generally follow the special schedule of holding Monday classes on Tuesday January 3. But please check with the instructor as to the first class meeting. It is also possible that some Kellogg classes may move to the new building in mid-Quarter.*

**Finance 585-2**

Asset Pricing II

Professor Papanikolaou

T 3:30-6:20

Jacobs 4214

This course covers advanced topics in capital market theory. The first part of the course covers the basics of dynamic models of arbitrage pricing, portfolio choice, and equilibrium in frictionless markets. The second part of the course covers a selection of topics of current interest: asymmetric information models, borrowing constraints and other frictions, models with non-standard preferences, models with production, etc. The class will emphasize current topics in financial economics along with the tools necessary to make progress towards answering the important questions in the field.

Evaluation will be by problem sets, which emphasize both analytical and numerical skills. Familiarity with a modern computing language (MATLAB, Julia or C++) will be assumed.

**Finance 586-2**

Corporate Finance II

Professors Benmelech and Sapienza  
F 9-11:50 Jacobs 4214

*Please clarify with the instructor the date of first class due to the AEA annual meeting.* This course provides a theoretical and empirical treatment of major topics in empirical corporate finance, including: investment decisions, capital structure, corporate governance, and law and finance. The purpose of the course is to discuss current research ideas. Evaluation will be by problem sets and referee reports.

**MECS 540-2**

Political Economy II: Conflict and Cooperation

Professor Baliga

M 2-4:50

Jacobs 586

This course will offer a theoretical treatment of conflict. Strategic interaction within and across nations involves conflict and cooperation. Disagreement between a country's population and its leadership can cause internal conflict, oppression and terrorism. Disagreement between countries can lead to war, costly arms races and impede economic development. Conflict often arises even though there is some cooperative solution that would have satisfied all the relevant actors. The course studies the fundamental causes of conflict (positive analysis) and possible solutions that create cooperation (normative analysis).

**MECS 550-3**

Economic Theory III: Doing Research in Economic Theory and Related Areas

Professor Sandroni

T 6:30-9:20pm

Jacobs 561

This course relies on student presentations of papers and also on

informal discussions of ideas. Hence, there are no exams. The main objective is to find good dissertation projects and, hence, facilitate the transition from student to researcher. The topics depend on students' interest and are typically determined during the first and second class. Some initial suggestions include: Bayesian persuasion and censorship; stopping games and dynamics without recursion; lawyers and the optimal structure of debates; mechanism design with punishment; psychological games; the theory of mind and its application in game theory; diplomacy; law and economics; networks and communications; the structure of political parties.

**MECS 560-2**

Dynamic Optimization in Economics

Professor Hu

Th 3-5:50

Jacobs 561

The goal of this course is to introduce students to dynamic optimization techniques for both discrete and continuous time stochastic problems. In particular, the course will present results in discrete time dynamic programming and consider their applications in a range of topics. Specific examples include search models, bandit problems, and dynamic games.

**MECS 570-1**

Economics of Organizations I:

Organizations and Markets

Professor Powell

TTh 9-10:20

Jacobs 619

An introduction to research in organizational economics, which can be succinctly described as the economics of managed relationships. This course focuses on the theories of incentives, adaptation, and firm boundaries, with the ultimate aim of understanding how firm practices

affect and are affected by the broader economy. The main practical emphasis will be on developing applied modeling skills.

Evaluation will be by model-development essays, problem sets, and/or in-class presentations of recent papers.

The required text is *The Handbook of Organizational Economics*, edited by Gibbons and Roberts (Princeton U.P., 2013).

**Formal Announcements***Funding Guidelines*

The Department has formal rules for the allocation of funding for students in years two through six. These are described on the Graduate > Funding page of our web site. Please read this document as *the Department strictly enforces these funding criteria*.

*Preliminary Examinations*

First year students should familiarize themselves with the Department's rules on continuation to the second year. These are posted in the "Goals for First Year Graduate Students" page of our web site.

Dates for the prelim examinations for the coming year have been set. The ordering of the three examinations rotates each year.  
Monday July 10: Macroeconomics  
Friday July 14: Econometrics  
Wed. July 19: Microeconomics  
All examinations will be held 1:30pm – 4:30pm.

Students should note that they are exempt from the prelim exam in any area in which they achieved a GPA of 3.60 or greater in the three first-year classes (e.g. in 410-1,2,3 for the microeconomics prelim exam).

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### *TA Periods in Residence*

Each quarter that you are a TA, you are expected to be in Evanston on weekdays from the first day of classes until the Monday after examinations end (which is the day that grades are filed). Absences during this period require permission of the instructor. 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 the coming year the dates for which you should be in attendance are:

Fall: until Mon Dec 12

Winter: Tues Jan 3 - Mon March 20

Spring: Mon Mar 27 - Mon June 12

### *Graduate School Deadlines*

**February 3** is the last day for return of the Application for a Degree for all candidates who expect their degrees to be awarded in March.

**March 3** 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 March.

**March 10** 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 March.

### *Students Working on NSF Grants*

The National Science Foundation (NSF) requires all students supported by them to undergo training in the responsible conduct of research. This will be accomplished by a one-

time registration in ECON 519 that has two components: an online class and a "face-to-face" component. The online part asks the student to complete a 2-3 hour online class administered by a private company that Northwestern has hired. Acting DGS Professor **Joseph Ferrie** will lead the face-to-face part of the class.

If you are being supported on an NSF grants for the first time, please contact Professor Ferrie for instructions.

## **Funding Opportunities**

### *NU Dissertation Year Fellowships*

The Department has taken the pedagogical decision that Dissertation Year University Fellowships (DYUF) should be taken in the spring quarter of the year prior to going on the job market, and the fall and winter quarters of the job market year. To qualify for the spring quarter fellowship, students should ask their advisor to file the *Spring Certification of Intent to Enter the Job Market* (Form GS5) with the Graduate Program Coordinator between February 1 and February 15. This form is available from the Graduate.> Current Students section of our web site.

### *NU Summer Fellowships*

Summer Fellowships will again be available to students in years two through four (first year students will have been notified about summer funding in their offer letter). A signed acceptance form and contract will have to be submitted. This will occur in May. More details will be given in the next *Graduate Connection*.

Fifth year (and above) students should note that The Graduate School specifies that Summer

University Fellowships are not available for students beyond year 4.

### *Funding for Research-Related Travel and Expenses*

The Graduate School has available funds to pay for research expenses and for travel to conferences. The maximum one-time research grant is \$3,000, and there is funding for two conferences during your time at Northwestern that covers up to a maximum of \$800 for each conference. Full details of the application procedures and links to application forms are on the funding web page.

### *Federal Aid Forms*

If you are a U.S. citizen or a U.S. permanent resident you need to renew your FAFSA (Free Application for Federal Student Aid) application. You can complete the forms on-line at [www.fafsa.ed.gov](http://www.fafsa.ed.gov) after January 1 and before June 30. The Graduate School recommends that you file by March 1. It is often useful to have completed and filed your 2016 income tax form (1040) before you complete the FAFSA.

## **Notes**

### *Next Graduate Connection*

Volume 22, number 3 will be published on March 1.

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