News

Happy Holidays!

The faculty and staff extend their best wishes for a happy holiday season. The University will be officially closed on Monday December 24, Tuesday 25, Monday 31 and Tuesday January 1. The winter quarter commences on Monday, January 7.

Distinguished Teaching Assistants

The Distinguished Teaching Assistant Awards for 2011-12 were presented at the start-of-year buffet on October 4. The winners of a certificate and a year's subscription to *Econometrica* were Roland Eisenhuth, Jia-Young Michael Fu, Matthew Gunden, Álvaro Parra, Assaf Patir, Yannay Spitzer (all reawards), Jose Miguel Abito, Laura Doval, Bridget Hoffmann, Aanchal Jain, Christian Lund, Charles Maalouf, Robert Molony, Sangyoon Park, Yana Peysakhovich, Ricardo Pique Cebrecos, Shruti Sinha and Ariell Zimran. 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 students from countries where English is not the first language.

Robert Eisner Memorial Fellowship

Also, at the start of year buffet, a fellowship in honor of our late colleague Robert Eisner was presented. For 2012-13 the Fellowship was awarded to Jaber Zarezadeh. This fellowship is awarded annually to a graduate student who has distinguished him- or herself in both teaching and research.

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 2011-12 were Ofer Cohen for a paper on loss-aversion and efficient risk sharing, and Esteban Petruzzello for a paper on the effect of the 2009 Tobacco Control Act on cigarette Addiction. 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.

Visitors

The Center for Economic Theory will be hosting alum Tomasz Strzalecki of Harvard University for the week of February 18.

Congratulations

The Associated Student Government’s Faculty Honor Roll for 2011-12 included Steffen Habermalz, Jim Hornsten, William Rogerson, Eric Schulz and Richard Walker for their work in the classroom, and Ronald Braeutigam, Morty Schapiro and Mark Witte in their administrative roles.

Congratulations to Robert Porter on being elected Second Vice-President of the Econometric Society. Normally he will become First Vice-President the following year and President the year after that.
NU wins Fed College Challenge

Northwestern University won the national finals of the College Fed Challenge on November 27, a competition that encourages students to learn about the U.S. economy, monetary policymaking, and the role of the Federal Reserve System. The team included undergraduates Geoffrey Bery, Nikhil Byanna, David Chen, Jonathan Cohen, Eric Zhang, and faculty adviser Mark Witte. Northwestern has now won the title four times out of the nine times it has been contested.

Events

AEA Annual Meeting

The annual meetings of the American Economics Association will be held in San Diego on Friday to Sunday, January 4-6. If you are at the conference, stop by the NU annual cocktail party in the “Windsor B&C” room of the Manchester Grand Hyatt from 6-8pm on the Saturday.

There will also be a special session on Friday afternoon and a reception in the evening honoring late faculty member Marcus Alexis. Details are on the main page of our web site.

Martin L. King, Jr. Day

On Monday, January 21, all classes are canceled in observance of Dr. Martin Luther King Jr. Day. There will be no undergraduate or graduate classes. It is also inappropriate to hold discussion sections or office hours.

While classes are canceled, the university will not be closed for the day. Departmental and other university administrative offices will be open. There will be numerous events held on campus to celebrate the life and legacy of Dr. King.

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 4 (Thursday): Prospective graduate student open day
April 11 (Thursday): Susan Bies Annual Lecture on Economic Policy featuring Esther Duflo of MIT
May 15 (Wednesday): Nemmers Prize lecture by Daron Acemoglu of MIT
May 16-17 (Thursday-Friday): Nemmers Prize conference
May 22 (Wednesday): Nancy L. Schwartz Memorial Lecture featuring Hal Varian, chief economist at Google

Teaching

Seminar Registrations

The Department has updated the 500-level seminar offerings. One implication is that we 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 our web site for a complete statement. Report any problems to the Director of Graduate Studies.

Economics 412-2
Economics Theory and Methods
Professor Olszewski
MW 1:30-3:30 Jacobs 3204

The course will comprise some topics from the frontier of research in economic theory. The material will typically be more advanced than *Game Theory*, by Drew Fudenberg and Jean Tirole (MIT Press, 1991).

Economics 414-2
Economics of Information
Professor Siegel
MW 11-1 Jacobs 3245

The course introduces several conceptual and technical approaches commonly used in microeconomic theory. Topics include: private- and common-value auctions, single- and multi-agent mechanism design, equilibrium existence in discontinuous games, and complete- and incomplete-information contests and wars of attrition. The emphasis is on developing economic intuition and an understanding of the mathematical underpinnings of the models.

Evaluation will be based on problem sets, participation, and a final exam. There is no textbook for the course; detailed slides and some lecture notes will be provided.

Economics 416-2
Advanced Macroeconomics
Professor Berger
TTh 1:30-3:30 Jacobs 3204

This will be a class about empirical macroeconomics and in particular how to use micro data to discipline and test macro models. The course will review a variety of empirical approaches (reduced form and
The course will focus on three related concepts of efficient allocation: across time (via credit), across states of the world (via insurance), and across productive units (via investment and trade). It will cover frictions in credit market and solutions (e.g., microcredit); complete and constrained-efficient informal insurance; interactions between insurance, investment and credit; investment and firm productivity; aggregative and non-aggregative growth models; and the impacts of trade on developing economies. Emphasis will be on implications that can be measure models’ ability to explain data in light of concerns of measurement error, heterogeneity and endogeneity.

Readings will be journal articles and recent working papers. Evaluation will be based on referee reports, in-class presentations, and a research project proposal.

Economics 440-1
Economics of the Labor Market
Professor Mortensen
MW 6-8pm Jacobs 3245

The goal of the course is to integrate recent theoretical and empirical research on wage and employment determination. Models of labor turnover, job flows, unemployment duration and incidence, unemployment, job creation and destruction, and wage and productivity dispersion are developed and studied. These topics are all viewed within the context of a general search and matching labor market equilibrium framework. Empirical content will emphasize studies based on worker unemployment and job duration data and matched worker-employer panel data. The course is designed for students of labor and macroeconomics.

The course grade will be based on problem sets, class participation and a term paper on a topic agreed to by the student and the professor.

Economics 450-2
Industrial Organization and Prices
Professor Porter
TTh 11-1 Jacobs 3245

An introduction to several topics in industrial organization theory and empirical analysis. Potential topics include: price discrimination; entry, growth and turnover; product selection; advertising; cartels and collusion; auction markets; innovation and R&D. The emphasis will be on the specification, 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 481-2
Econometrics
Professor Tamer
MW 9-11 Jacobs 3204

The course starts with a preview of semi parametric methods. These include: binary response models, censored models, and general index models. The focus will be on the required inference tools. Then, the course will turn to the problem of inference in discrete games, including: simple complete information games, some games with incomplete information, network games, and linear in means games. The discussion will be directed towards general approaches to inference. New and open research questions are emphasized. Evaluation is based on class participation and a final class presentation.

MECS 460-2
Foundations of Management Economics
Professor Weinstein
MF 3-4:30 Jacobs 586

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 continuous time optimal control.
MECS 468-2
Selected Topics in Economic Theory
Professor Ekmecki
Th 3:30-6:30 Jacobs 586

In this course students will learn both the classic papers and the frontier of the literature on repeated games with incomplete information (commonly known as reputation models). The students will present papers from a list of applied or theory papers on the topic. Evaluation will be based on the presentations and class participation.

MECS 469
Advanced Applied Microeconomics
Professor Watanabe
T 6-9:00pm Jacobs 619

This course concerns estimation and identification strategies for both cooperative and non-cooperative game theoretic models. Topics include: bargaining, voting, two-sided matching, coalition formation, and network formation. The readings consist of applied empirical work from the fields of political economy, industrial organization, and law and economics. Students are expected to present two papers from the reading list and write a research proposal.

Finance 487
Dynamic Asset Pricing Theory
Professor Skiadas
F 9:30-noon Jacobs 4214

This course offers an in-depth introduction to competitive asset pricing theory in dynamic settings. The main topics are dynamic trading, the arbitrage pricing of derivative securities, foundations of dynamic choice, consumption-based asset pricing and optimal consumption/portfolio choice using recursive utility. Both discrete-time models and continuous-time methodology are covered. The necessary mathematical tools are introduced, including some martingale theory, the Itô calculus, and the theory of backward SDEs.


There will be weekly assignments. Some of the questions assigned will be labeled as exam questions. Grading will be based 70% on homework and 30% on exam questions.

Finance 488
Econometrics of Financial Markets
Professor Jagannathan
M 9-12:30 Jacobs 4214

This course will cover topics in the empirical capital markets literature and related econometric methods. The topics will include stock return predictability and asset pricing anomalies; factor models in large cross sections; portfolio performance evaluation and attribution; and initial public offerings. The econometric methods will include GMM and applications that illustrate the use of instruments to address simultaneity, endogeneity, and measurement errors, use of GMM in event studies, maximum likelihood methods, multifractal and hidden Markov models that facilitate parsimonious modeling of stochastic processes of interest. The course grade will be based on homework sets, a class presentation, and a final exam.

Funding Guidelines

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

Formal Announcements

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 rotates each year. For the coming year, the dates are:

Spring 2013 Sitting
Wed June 19 Microeconomics
Wed June 26 Macroeconomics
Wed July 3 Econometrics
All examinations will be held 1PM - 4PM.

Fall 2013 Sitting
Tues Sept 3 Microeconomics
Wed Sept 4 Macroeconomics
Thur Sept 5 Econometrics
All examinations will be held 1PM - 4PM.

Note that these dates are after Labor Day.

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 17
Winter: Mon Jan 7 - Mon March 25
Spring: Tues April 2 - Mon June 17

Graduate School Deadlines

February 8 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 1 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 8** 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**

Under new federal legislation, the National Science Foundation (NSF) has started requiring all students supported by NSF 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. DGS Professor Elie Tamer 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 Tamer for instructions.

**Funding Opportunities**

**Teaching Opportunities 2013-14**

Application forms for teaching as an instructor in the evening program (School of Continuing Studies) and in the regular WCAS day school will be circulated on February 1. Students will be appointed on the basis of excellent performance as a lecturer or as a TA.

**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 Secretary 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.

**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 one conference a year that covers up to a maximum of $700. 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 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 2012 income tax form (1040) before you complete the FAFSA.

**Notes**

**Next Graduate Connection**

Volume 18, number 3 will be published in the week of March 4.