

NORTHWESTERN UNIVERSITY

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Annual Alumni Update

Another year has gone by, and I am already into my second year as chair. It has been a sad one. Shortly after I finished last year's update, on Thanksgiving Eve 1998, Bob Eisner passed away. In April we lost Karl DeSchweinitz, and in September Mary Gray Hughes, the widow of Jonathan Hughes (who died in 1992) passed away. We thus found ourselves three times in memorial services, reflecting wistfully on the good times we had with these people, and how much we learned from them.

This is the 7th annual *Update*. The department, much like Democritus's stream in which you could never step twice, keeps changing. **Rebecca Blank** decided to accept a position as Dean of the Public Policy School at the University of Michigan. **Alan Taylor** took a position at the University of California, Davis, **Juuso Valimaki** returned to Europe to take a job at Southampton University and **Alberto Trejos** returned to his homeland in Costa Rica. We hired three young Assistant Professors to replace them: **Alex Monge**, a macroeconomist from Costa Rica who received his Ph.D. from The University of Chicago; **Charles Zheng**, from the PRC who received his Ph.D. from Minnesota, and **Kim Sau Chung**, also from China, a theorist from Wisconsin.

A large number of our regular members are on leave this year: **Michael Whinston** is the Ohlin Professor at the University of Chicago, **Eddie Dekel** is into his second year of leave at the University of Tel Aviv. **Rob Porter** is spending the fall at MIT. **Paula Ramada** is at the London School of Economics.

A number of faculty members went through a demographic expansion. **Mike Whinston** and his wife **Bonnie Honig** (who teaches in our political science) department had a daughter named Naomi Sara; **Rob Porter** and his wife **Therese McGuire** (an economist at UIC) had a son, James Clement. Just as this newsletter went to press we were informed that **Chris** and **Judy Taber** welcomed the arrival of Andrew James.

Administratively, we had one major change: **Mark Witte** replaced **Burton Weisbrod** as Director of Undergraduate Studies. **Joe Ferrie** continues with great success as Director of Graduate Studies. The department, once again, is going through spatial disruptions: the construction on the North Side of Andersen Hall forced us to vacate nine Full Professor offices plus the entire administrative staff on the 1st floor. Some of these could be relocated in Andersen, but three department members went into exile at the newly opened Transportation Center, and

most of our graduate students were accommodated in Cresap Lab, a somewhat rough-and-not-so-ready wing of Swift Hall. The dislocations are, as expected, the source of some justified unhappiness, but at the end of this tunnel is a large light, namely a much expanded space that will become available to us in 2001.

A major event was the opening of the new Center for Industrial Organization. The Center will fund graduate student research in Industrial Organization and plans to bring distinguished visitors for extended visits. Exchange programs with other universities with strength in I.O. are also envisaged. The center will be a "virtual organization," that is, it will not have a physical location except for the offices of the three members of its directing committee, Rob Porter, Mike Whinston, and Bill Rogerson.

We have a number of interesting visitors this year. **Carolyn Tuttle** is spending the year on leave from Lake Forest College, and will be teaching European Economic History. **Yossef Spiegel** is visiting us from Tel Aviv, teaching microeconomics. Both Carolyn and Yossi are former Northwestern Ph.D.'s and we are glad to see them back. In addition, **Kathryn Ierulli** is visiting us from UIC, and **William White** is from Ohio State. In addition, **David Haddock** from the Law School is teaching Law and Economics again this year, and **Gloria Bazzoli** from the Institute for Health Services Research is teaching Health Economics for us.

As always, we had our annual reception this year at the Atrium in AAH. An excellent turnout of both faculty and graduate students celebrated the beginning of the year and applauded loudly when our annual awards to our star Teaching Assistants were handed out. This year's winners were Ariel Burstein, Tom Geraghty, Bradley Heim, Nadav Levy, Jason Long, Jozsef Molnar, Craig Peters, Henry Siu, James Sullivan and Zhixiong Zeng. As always, each received a certificate, a one-year subscription to *Econometrica* and the satisfaction of a job well done.

Some more selected details about our faculty's academic and research achievements this year.

Joseph Altonji was recently appointed to the Technical Review Committee for the Bureau of Labor Statistics' Longitudinal Surveys Program. He received a grant from the Russell Sage Foundation for research on the wealth gap between blacks and whites. He is continuing his research on the effectiveness of Catholic schools, nominal wage rigidity, parental bequests, and wage determination.

Marco Bassetto continued his research on political economy in overlapping-generations economies, which he presented at the NBER Summer Institute and at SITE in Stanford. He also started a project on equilibrium and government commitment.

Ron Braeutigam has finished his two-year term as President of the European Association for Research in Industrial Economics. At the annual meetings of the society in Turin, Italy in September, he presented his presidential address entitled, "Incentive Regulation: Expectations and Experience." He has also written "Learning about Transport Costs," in *Transportation Economics and Policy: A Handbook in Honor of John Meyer*, published by the Brookings Institution.

Larry Christiano is continuing his research which focuses primarily on macroeconomics and international economics. His work also studies the recent financial crises in Asia. The objective is to understand what caused those crises, what can be done to prevent them from happening again, and what should be done if they do happen again.

Kim-Sau Chung was selected as one of the seven speakers for the 1999 *Review of Economic Studies* European Tour. He also gave presentations at the 1999 Econometric Society North America Summer Meeting at Madison and the 1999 International Conference on Game Theory at Stony Brook.

Bob Coen is serving in his second year as Associate Dean for Undergraduate Studies.

Tim Conley was awarded a three-year NSF grant for "Econometrics Using Spatial Models of Interdependence."

Eddie Dekel was awarded a US-Israel Bi-national Science Foundation (BSF) grant titled "Evolution of Preferences and Modeling Unawareness," joint with Ely, Yilankaya, Lipman and Rustichini.

Marty Eichenbaum is continuing his work on business cycles and the effects of fiscal shocks on the US economy. In addition he is studying the causes and consequences of currency crises, aided by a grant from the World Bank.

Jeffrey Ely received a US-Israel Bi-national Science Foundation award jointly with Eddie Dekel (Northwestern) and Bart Lipman (Wisconsin).

Joseph Ferrie published two books this year, *Yankees Now: Immigrants in the Antebellum U.S., 1840-60* (Oxford University Press) and (with Lee Alston) *Southern Paternalism and the Rise of the Welfare State: Economics, Politics, and Institutions in the U.S. South, 1865-1965* (Cambridge University Press).

Robert J. Gordon won the Lustrum Award from the faculty and students of Erasmus University in Rotterdam, the Netherlands. He is currently doing research on historical price measurement issues, supported by a grant from the National Science Foundation. He has been appointed to a new Advisory Board of the Bureau of Economic Analysis and reappointed to the Panel of Economic Advisers of the Congressional Budget Office.

Hilarie Lieb, adjunct lecturer, recently presented a paper at the Illinois Economics Association Meetings titled "Sputnik and the Role of Women in the Market and the Home." Also this fall she began serving on United Way's newly established Leadership and Development Program Committee.

Charles Manski is continuing his research on identification problems. A new article on "Monotone Instrumental Variables" will appear soon in *Econometrica* and another on "Nonparametric Analysis of Randomized Experiments with Missing Outcome and Covariate Data" will appear in JASA. Chuck is also continuing his work eliciting expectations of future economic events from American households.

Rosa Matzkin was re-appointed as Associate Editor of the *Journal of Econometrics*, for a period of three years.

Bruce Meyer organized two conferences this fall that will result in two journal special issues and a book. The first conference was titled "The Earned Income Tax Credit: Early Evidence." This conference was the first to focus on the Earned Income Tax Credit, which is now larger than welfare or Food Stamps and lifts more children out of poverty than any other program. The papers from this conference will appear in the *National Tax Journal* and be later published as a Russell Sage book. The second conference "Tax and Transfer Programs for Low Income People" had papers by leading researchers on welfare programs, Medicaid, the earned income tax credit, education, and housing. The papers from this conference will appear in the *Journal of Public Economics*.

Joel Mokyr, when he is not spending his days in delightful meetings with Associate Deans and other chairperson assignments, continues to slave away on his manuscript *Neither Chance Nor Necessity: Evolutionary Models in Economic History*. Meanwhile he continues to function as editor in chief of the *Oxford Encyclopedia of Economic History* and the *Princeton University Press Economic History of the Western World*.

Alexander Monge continues his work on optimal dynamic contracts in credit markets and the implications on aggregate dynamics. He is preparing his dissertation work for submission to journals. He is also starting a project on the general equilibrium implications of credit constraints induced by imperfect enforceability in the accumulation of human capital.

Rob Porter continues to serve as an Editor of the *RAND Journal of Economics*, and as a Foreign Editor of the *Review of Economics Studies*. He is one of the directors of the newly formed Center for the Study of Industrial Organization at Northwestern. He is Visiting Professor of Economics at MIT this fall.

Bill Rogerson spent the last academic year (1998-99) in Washington serving as the chief economist of the Federal Communications Commission. He has returned to Northwestern for the current academic year and is pursuing a research agenda in telecommunications policy inspired by his year in the trenches.

Carolyn Tuttle, a 1986 Northwestern Ph.D., is currently teaching as a visitor in the Department of Economics after teaching for 15 years at Lake Forest College. She is teaching several courses in economic history as well as labor and money and banking. Carolyn's first book entitled "Hard at Work in Factories and Mines: The Economics of Child Labor during the British Industrial Revolution" has recently been published by Westview Press.

Burt Weisbrod continues to study the role and behavior of nonprofit organizations, supported by his three-year grant from the Mellon Foundation. Burt is completing his Phi Beta Kappa Visiting Scholar-sponsored commitments with November visits to North Carolina State University and Furman University. Earlier this year, he was a Visiting Scholar at the University of California-San Diego, and most recently, he gave the invited public lecture during a weeklong visit to the Center on Philanthropy at Indiana University.

Mark Witte has been a senior lecturer for the Department of Economics and serves as an advisor in the Weinberg College of Arts and Sciences and as the Director of Undergraduate Studies in Economics. "Mark Witte has helped Northwestern University pursue the Highest Order of Excellence, mainly by discouraging the shabbier forms of excellence."

William J. White is a visiting lecturer this year, as he completes his dissertation in Economic History at Ohio State University.

Asher Wolinsky continues to serve as Associate editor of three of the journals in his area, *Econometrica*, *Games and Economic Behavior*, and the *Journal of Economic Theory*.

Charles Zheng was one of the invited speakers in the fall 1999 meeting of Institute Operations Research and the Management Sciences (INFORMS). He also presented his recent working paper "A Recipe for Optimal Multidimensional Auctions" at the fall 1999 Midwest Math Economics Meetings.