

# NORTHWESTERN UNIVERSITY

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## Annual Alumni Update

Another year has gone by, and I am already into my third and last year as chair. Next year's *Update* will come to you on a different stationery. I do not yet know whose, but it surely will not be mine. All in all, it was a useful and enlightening experience, but the wisdom of those who set 3-year term limits for departmental chairs becomes all the more obvious in the middle of the third year.

This is the 8<sup>th</sup> annual *Update*. The department has changed a bit, but much to my relief, I have no resignations to report relative to last year. We hired three tenure-track Assistant Professors: **Luojia Hu**, a labor economist from Princeton and originally from the PRC; **Ricky Lam**, a theorist from Yale, and originally from Australia; and **Atila Abdulkadiroglu**, a theorist from Rochester, originally from Turkey. We are also welcoming back as lecturers two of our former graduate students and star teachers, **Eric Schulz** (who started this fall) and **Paula Worthington** (starting this winter).

A number of our regular members are on leave this year: **Marco Bassetto** is spending the year at the University of Minnesota. **Paula Ramada** is spending another year at the London School of Economics. **Tim Conley** is spending the fall at Yale. Other faculty on leave for a quarter this year include **Dale Mortensen**, **Burt Weisbrod**, **Gadi Barlevy**, **Larry Christiano**, **Bob Gordon**, **Ron Braeutigam** and **Chuck Manski**.

We have a number of interesting visitors: **Nancy Hammond** is visiting us for the year, teaching a variety of courses including economic development and economic demography. **Lynne Kiesling** is teaching economic history and the history of economic thought. Two visitors have been appointed the first annual visitors at the new Center for the Study of Industrial Organization: **Aviv Nevo**, visiting us from Berkeley and **Jacques Crémer** visiting us from Toulouse. In addition, **David Haddock** from the Law School is teaching Law and Economics again this year, and **Heather Spang**, who is completing her Ph.D. at UIUC, will be teaching Health Economics for us.

There is one major demographic development to report: **Rosa Matzkin** gave birth to a healthy son, Sergio Damian Lapsenson, born March 2, 2000. **Ian Savage**, the Assistant Department chair, was married to Sandy Siepka on March 25, 2000.

Administratively, we are in a steady state: **Mark Witte** is a deeply involved and committed Director of Undergraduate Studies. **Joe Ferrie** continues with great success as DGS.

The department is getting ready to move into its new space in the newly constructed Northern Wing on the 3<sup>rd</sup> floor of Arthur Andersen Hall, now renamed the Donald P. Jacobs-Kellogg Center. This move will be completed in 2001, in a few stages, and will be managed with experience and patience by the indefatigable Ian Savage. I would like to extend a standing invitation to all our alums to stop in and visit our new and improved quarters when they are finished. By the time the dust settles (literally) we will have our own seminar room, a smaller conference room, and we can bring back those members who have been condemned to temporary exiles in the Transportation Center and CRESAP. Welcome back.

As we do every year, we had our annual reception this year at the Atrium in Andersen Hall. A record turnout of both faculty and graduate students celebrated the beginning of the year, laughed politely at the chair's lame attempts at humor, and applauded loudly when our annual awards to our star Teaching Assistants were handed out. This year's winners were: **Levon Barseghyan**, Mauricio Drelichman, **Marc Fusaro**, Jakub Kaluzny, **Nicholas Kreisle**, Maksymilian Kwiek, **Nadav Levy**, Jason Long, **Maxim Sinitsyn** and Henry Siu. As always, each received a certificate, a one-year subscription to *Econometrica* and the satisfaction of a job well done. This year, we handed out for the first time our **Robert Eisner Memorial Fellowship**, a full year's fellowship for a graduate student who has distinguished him- or herself in *both* research and teaching. Our first winner was **Gorkem Celik**. Congratulations, Gorkem.

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

**Ron Braeutigam** continues in his sixth year as Director of the Business Institutions Program, which graduates about 60 students each year with a minor. He is in the final stages of writing his textbook *Microeconomics: Theory and Practice*, with David Besanko (KGSM). It will be published by Wiley next summer. He is also working with the faculty of Evanston Township High School to establish a joint seminar series with Northwestern faculty; the series is called "Keeping Current."

**Louis Cain** was appointed Consulting Editor to *the Encyclopedia of Chicago History*. He continues as an area editor for *the Oxford Encyclopedia of Economic History* and as a chapter editor for the millennial edition of the *Historical Statistics of the United States*. The 6th edition of Jonathan Hughes and Louis Cain, *American Economic History*, is now underway. Lou, who is adjunct to the department, continues to be the Chairman of the Economics Department at Loyola University of Chicago.

**Jacques Crémer** is visiting the Economics Department and the Center for the Study of Industrial Organization from the University of Toulouse. Jacques is a Director of Research at the French Center for Scientific Research. While at Northwestern, he plans to continue his work on the Economics of the Internet and on the organization of firms. This visit will reinforce the already strong links between CSIO and the Institut d'Economie Industrielle, the best European center in Industrial Organization, with which Jacques is affiliated in Toulouse.

**Bob Coen** continues to serve as Associate Dean for Undergraduate Studies.

**Tim Conley** continues his work on econometrics using spatial models. He is beginning a study of competition between retail firms.

**Marty Eichenbaum** is continuing his work on business cycles and the causes of currency crises, aided by a new grant from the World Bank. In addition, he is continuing to serve as an associate editor of the *Review of Economics Dynamics*, the *Journal of Monetary Economics* and the *Journal of Money, Credit and Banking*.

**Joseph Ferrie** edited the chapter on Internal Migration for the forthcoming *Cambridge Historical Statistics of the United States*. He presented research at NBER, The University of North Carolina, and the European Social Science History Conference in Amsterdam on internal migration 1850-80 using new longitudinal data on 10,000 American males he has created with the financial support of the National Science Foundation. He is now starting a new project on the relationship between living standards and mortality in the U.S., 1850-80.

**Robert J. Gordon's** skeptical comparison of the "new economy" with the "great inventions of the past" (electricity, internal combustion engine) has attracted worldwide media attention, including two focus pages in the *Economist* and an op-ed piece in the *Financial Times*, and speaking engagements from Ottawa to Canberra and places in between. His research continues to be funded by the NSF, and he continues to be on the advisory boards of the Brookings Panel on Economic Activity, the Congressional Budget Office, and the Bureau of Economic Analysis, as well as on the nominating committee of the American Academy of Arts and Sciences. He recently completed his 25th year as Treasurer of the Econometric Society.

**Luojia Hu** was selected as the first-prize winner of the 2000 Upjohn Institute Dissertation Award for her study of labor economics and microeconomics.

**Ricky Lam** joins the department this academic year having just graduated from Yale University. He is interested in how knowledge from psychology can be used to improve the realism of economic models. During the summer, he participated in the Summer Institute in Behavioral Economics at the University of California at Berkeley.

**Hilarie Lieb**, adjunct lecturer, recently presented a paper at the Illinois Economics Association Meetings entitled "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's** most recent published research include a *Journal of Economic Perspectives* article on "The Economics of Social Interactions," an *Econometrica* article on "Monotone Instrumental Variables," and a *Journal of Human Resources* article on "Perceptions of Job Insecurity," all published in summer 2000. Chuck's survey research on expectations has also morphed into a new project on political polling, including an Op-Ed piece on the subject for the New York Times this fall. Chuck will soon complete his work chairing the National Research Council Committee on

Data and Research for Policy on Illegal Drugs, whose final report is due to be released in Spring 2001.

**Kiminori Matsuyama** has recently begun his research on macroeconomics of imperfect credit markets and the relation between development and inequality (both across 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." 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*. He is also organizing his third conference in 14 months, this one is in Washington in December on tax and transfer programs.

**Joel Mokyr**, serves in his last year as chair and is looking forward a year's leave next year. 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* and to work on his book on *Evolution, Economic history, and Technology*.

**Alexander Monge** continues his work on optimal dynamic contracts and the implications for aggregate dynamics, including the effect of credit constraints on the survival, growth and creation of firms and the role played by firm heterogeneity in the response of the aggregate economy to shocks. Alex has also been studying the effect of government policies on the accumulation of human capital in models where credit constraints arise endogenously from limited contract enforceability.

**Dale Mortensen** gave the Zeuthen Lecture Series at the University of Copenhagen in November 2000. The title of the three lecture series is "Wage Dispersion: Why are similar people paid Differently?" NSF funded his project entitled "Modeling Matched Job-Worker Flows" for a second year. He and his collaborators are estimating and testing models of the relationships between wages, productivity and labor turnover at the firm level using Danish data. He will

**Bill Rogerson** spent a year in Washington serving as the Chief Economist for the Federal Communications Commission and is now conducting research on a variety of issues in the economics of telecommunications markets. His major focus is on how alternate regulatory policies will affect incentives for telephone companies and cable companies to invest in facilities to provide residential broadband internet connections. His first paper on this subject, "The Regulation of Broadband Telecommunications, the Principle of Regulating Narrowly Defined Input Bottlenecks, and Incentives for Investment and Innovation," is forthcoming in the University of Chicago Legal Forum. Rogerson was also elected fellow of the Econometric Society last year.

**Ian Savage**, the department's assistant chair, was on sabbatical leave at the University of Western Australia for the fall quarter of 1999 where he continued his research on the regulation of aviation safety. He and John Panzar were appointed to be the interim Associate Director, and Director, respectively, of Northwestern's Transportation Center for the fall of 2000.

**Eric Schulz** is delighted to return to Northwestern as a lecturer and adviser in the Weinberg College of Arts and Sciences after a stint at Williams College. He has been striving daily to achieve the shabbier forms of excellence. He also received a grant from the Russell Sage Foundation to study the time rate of preference.

**Burt Weisbrod** continues research on the behavior of nonprofit organizations compared with private firms and government agencies. In the past year three publications resulted— focusing on managerial compensation structures across institutional forms, donations functions to nonprofit organizations in various industries, and output differentials between nonprofit and governmental suppliers. Burt continues to serve on the Council of the NIH National Center for Research Resources and completed his elected term on the governing Council of the AAAS. He was invited to give talks at the Kennedy School, UC-San Diego, University of Haifa (Israel) and the Koc University (Istanbul, Turkey).

**Michael Whinston** was on leave last year as the Olin Visiting Professor at the George Stigler Center for the Economy and the State at the University of Chicago. In July, he presented a special focus session on "Multiparty Contracting" at the European Economic Theory Conference in Gerzensee, Switzerland. He was awarded a three-year NSF grant for work on "Contracting and Strategic Behavior."

**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."

**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*. He was awarded a new NSF Grant.

**Charles Zheng** was invited to present his paper, "Optimal Auction with Resale," in the NSF/NBER Decentralization Conference (New York) in October and at Notre Dame University (Business School) in October and at the University of Wisconsin-Madison in November of this year.