



## Greetings from the Chair —

Dear Graduate School Alumni and Friends of the Department:

Encouraged by the warm response you gave our first newsletter last year, we decided to send you some more snapshots, literal and figurative, of our economics community. This issue concentrates on the 2002 calendar year, and we hope to get you the next issue in less than twelve months. Great thanks to Julia Downs and Andrea Nagy of the AYA for their continuing support with this project — their help is tremendous. While I'm saying thanks, I would like to recognize the extraordinary help I receive as Chair from Bill Brainard. I depend on his advice, his near-infallible memory, his indefatigable enthusiasm and his unguarded affection for all around him. Day by day he works away with me on big projects and small. Many of the things I attempt in my job would be impossible without him.

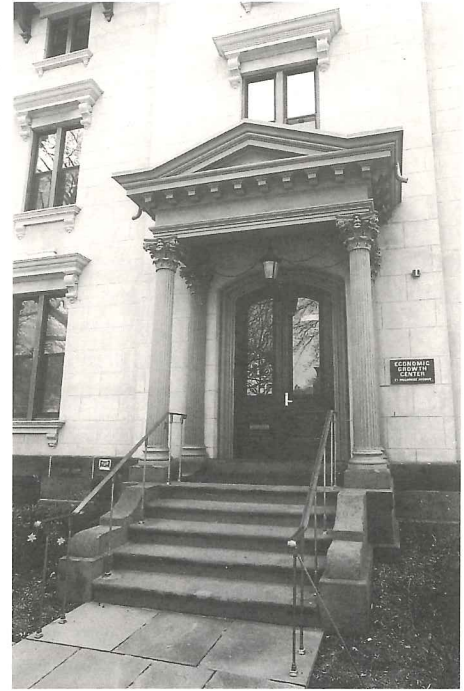
I am delighted to welcome Galina Hale and Joe Altonji to our faculty. A graduate of Berkeley's doctoral program, Galina is an expert on international finance. She is the first person hired under an initiative of the Department aimed at giving new PhD's a rapid start in their research careers. Before they begin their Assistant Professor appointments, they spend one year as postdoctoral fellows, focusing on research and doing only minimal teaching in their immediate area of interest. From my conversations with Galina, I know that she is using the time well, and is immersed in many exciting projects.

Needless to say, so is Joe Altonji, whom we are proud to have won away from Northwestern. Joe has made distinguished contributions to many areas of labor economics, and he further strengthens the applied econometric resources of our empirical micro group. He has already started a lunchtime workshop for graduate students working on labor and plays a major role in the intellectual life of the department. Although the last few months are outside the scope of this newsletter, I can tell you that the Department has been intensely engaged in junior and senior recruiting in several areas, and there will be lots more good news to report next year. At the same time, we have had gratifying success in fighting off attempts by the top institutions in the world to dislodge our star faculty. In the last two years MIT, Stanford, Berkeley, Columbia and NYU have repeatedly tried to lure faculty members away from us, but no one has succumbed! I believe this is a testament to the strong feeling of community and shared values that we enjoy in the Department.

With people arriving and no one wanting to leave, our four buildings are filled to capacity. Happily, we have new space in 27 Hillhouse — see the article by M. Ann Judd on this page. We have included some photos of the most recent Christmas skits. The student skits are invaluable for the deflation of faculty egos (but apparently the students don't understand that the Chairman should be exempt from this). The faculty skits cause unimaginable tension because they are written largely on the day they are performed. As Chris Sims used to say, they are fully worth the price of admission (zero).

Right now we're getting ready for a small expansion of another building, 37 Hillhouse Avenue. More on that in the next newsletter. Meanwhile, I hope that our friends around the world are flourishing as we are here. If any of you would like to send us news, we would be delighted to hear from you!

David G. Pearce, Chair  
Henry Ford II Professor of Economics



## Renovations to 27 Hillhouse Avenue

By M. Ann Judd

Under the guidance of local architect Jay Bright, a major restoration of the mansion housing the Economic Growth Center began in August 2001 and ended during the summer of 2002. The exterior "facelift" included new stucco and windows. To make the building wheelchair accessible, a ramp and an electronic door were added.

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## New Staff

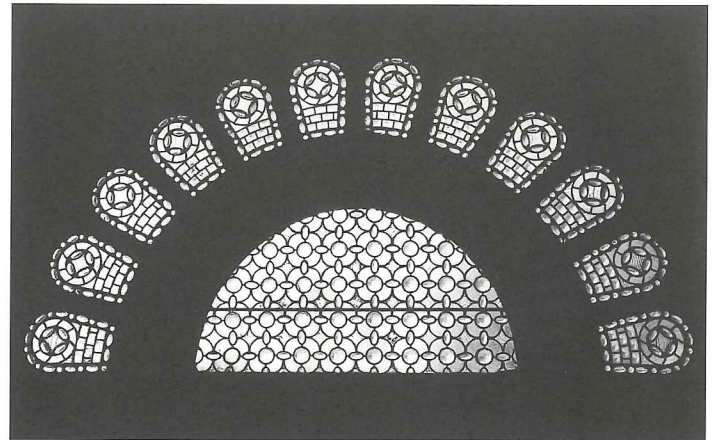
**Marey Kaufman** joined the staff at the Economic Growth Center in December 2002, as administrative assistant for Professors T. N. Srinivasan, Gustav Ranis, Carolyn Moehling, and the Economic History Workshop. Before the birth of her oldest daughter in 1986, Marey worked for the vice president of national accounts at the Hertz Corporation. Taking time off from the workplace to raise her daughters, Marey also successfully completed a BA in English with a minor in Sociology at Quinnipiac University. Most recently, she was employed as a permanent substitute teacher in the Shelton school system. Marey was very involved in the Shelton PTA Council, serving on the executive boards of the Elizabeth Shelton School PTA (of which she was president) and the Shelton Intermediate School PTA. Marey, her husband Mike and daughters, Jessica and Amy, currently reside in Cheshire.



**Michelle Sandagata** was hired in September 2002 to provide administrative support to several faculty members and the department's business office. Recent projects have included Junior Faculty Recruitment with Professor Stephen Morris and the Junior Faculty Recruiting Committee. Michelle began working for Yale in September of 2000 as a site liaison at the Child Study Center. In March of 2001, she transferred to the physics department before being recruited by Economics. Prior to coming to Yale, she worked as administrative assistant and administrative marketing assistant for several software/internet companies in New York City's Silicon Alley. Michelle has a background in art and interned with the National Gallery and National Museum of American Art while attending the Corcoran School of Art. She and her three-year-old son, Connor, live in Wallingford.



**Marie-Jane Lamihauté** joined the staff of the Economic Growth Center on December 6, 2002. She provides administrative support for Joseph Altonji, Philip Levy and Paul Schultz. Marie-Jane also coordinates the Labor and Public Finance lunch, the Labor and Population Seminar and the Trade Development Seminar. Previously she worked in a research lab in the psychology department at Yale and as an administrative assistant at the Yale Psychiatric Institute. Marie-Jane loves animals and currently has a German shepherd and a cat.



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**Your comments, suggestions and news are most welcome!**

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Marilyn Wilkes: Ranis (page 4)  
Feng Zhu: Phillips (page 4)  
Harold Shapiro: all others

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Dorothy Ovelar Haynie Wheeler



## Ernesto Zedillo '81 PhD Returns to Yale to Lead Center for the Study of Globalization

On September 1, 2002, Ernesto Zedillo Ponce de León, the former president of Mexico, began a new appointment as the director of the Yale Center for the Study of Globalization. He is also a professor in the field of international economics and international relations.

"After ending an intense, intellectually rewarding, and certainly challenging career in the service of my country," said Mr. Zedillo, "the best thing that could have happened to me



was to come back to Yale. And it did happen. I am very pleased and grateful to have been asked to lead the Yale Center for the Study of Globalization. It's an extraordinary opportunity to study topics which I believe are extremely relevant, to work with Yale faculty and students, and at the same time to advance President Levin's goal of making Yale an even more international University."

The Center for the Study of Globalization was founded in 2001 with the mandate to examine the impact of our increasingly integrated world on individuals,

communities, and nations. It is particularly focused on the practical policies that enable the world's poorest and weakest citizens to share in the benefits brought by globalization. The Center draws on the rich intellectual resources of the Yale community, scholars from other universities, and experts from around the world.

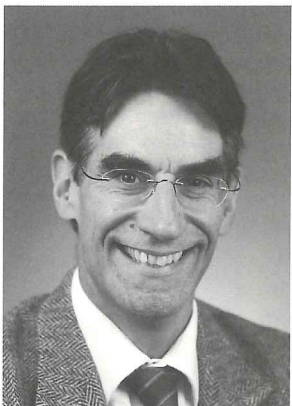
Mr. Zedillo's particular activities include serving as the co-task force coordinator for a Millennium Development Project on Trade and Finance, being carried out under the overall guidance of Secretary General Kofi Annan and United Nations Development Program Administrator Mark Malloch Brown. The project, which is one of the Center's major activities, will study further development of an open, rule-based, predictable, non-discriminatory international trading and financial system.

Mr. Zedillo is also co-chairing an international Task Force on Global Public Goods to address shared global concerns including the environment, health care, financial stability, and standards for electronic commerce. The task force will consider how to reduce poverty and increase sustainable development in all its dimensions—environmental, social, and economic.

The World Bank and the Yale Center for the Study of Globalization will host a major conference in October on the topic of "The Future of Globalization: Explorations in Light of Recent Turbulence."

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## Faculty News — Recent Appointments



**Joseph Altonji**, the new Thomas DeWitt Cuyler Professor of Economics, came to Yale in the fall of 2002, after teaching at Northwestern University and also Columbia. He earned BA and MA degrees in economics from Yale University in 1975 and a PhD from Princeton University in 1981. Professor Altonji specializes in labor economics and applied econometrics. In recent years, he has focused on the role of employer

learning and statistical discrimination in wage dynamics, race and sex differences in employment and earnings, the extended family as a source of support, the value of job seniority, paid and unpaid leave from work, nominal wage rigidity, the effectiveness of private schools, black/white differences in wealth holding, intergenerational transfers, and econometric methods. Professor Altonji is a research associate at the National Bureau of Economic Research, a fellow of the Econometric Society, and a member of the National Research Council's Committee on National Statistics. He has served on the Board of Editors of the *American Economic Review* and as co-editor of the *Journal of Human Resources*. He is currently an associate editor of *Econometrica* and on the editorial board of *Labour Economics*.



**Galina Hale** came to Yale in 2002 as a postdoctoral fellow and will begin her term as Assistant Professor in the fall of 2003. Her primary area of research is the relationship between macroeconomic fundamentals of developing countries and international capital flows to these countries. Professor Hale received her PhD from the University of California at Berkeley (UCB). In her dissertation, she analyzed the effects of macroeconomic funda-

mentals on the structure of developing countries' private and public debt and their susceptibility to financial contagion. She currently is working on the effects of announcements by rating agencies of debt rescheduling and of the political situation in a country on the amount, cost, maturity and volatility of capital flows into developing countries. Professor Hale has taught in the Economics Department at UCB and has lectured at the New Economic School in Moscow. She was a consultant at The World Bank and also at the Economic Expert Group at the Ministry of Finance of the Russian Federation in Moscow. In the mid-'90s she was the chief editor of the *Analytical Financial Weekly Review* in the Analytical Department of the Prime News Agency in Moscow.



## Faculty News — Highlights



**Dirk Bergemann** was honored as Teacher of the Year by graduate students at the annual Christmas party. One student said of him, "His lectures are among the most intellectually stimulating ones I've ever attended. In class students are constantly challenged to think critically and evaluate the material they are presented with."



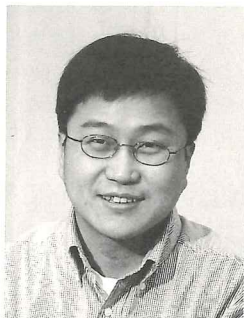
**Michael Boozer** has been appointed Director of Graduate Studies for the IDE program. His recent work has focused on identifying peer effects from social programs and spillovers arising from spatial insurance mechanisms in developing countries. More generally he is working on econometric methods for group data, such as the role of externalities and feedback. For the IDE program, Professor Boozer is seeking a tight integration of the core courses. To that end he is teaching two of the core courses, microeconomic theory and econometrics.



**Donald Brown** has just completed a three-year term as a fellow at Yale's Whitney Humanities Center. He is now serving as director of graduate studies for 2002-03 and is working on a teacher training initiative for economics graduate

students. At the fall assembly of the Association of Yale Alumni, he delivered the keynote address, proposing ideas for restructuring the undergraduate course of study. Among other ideas, he proposed eliminating electives and requiring every student to choose two majors. He continues to teach the three-week summer math camp for incoming PhD students, covering the fundamentals of linear algebra and optimization. This year the camp will be jointly taught with advanced graduate student Caterina Calsamiglia.

**Hanming Fang** was awarded a Junior Faculty Fellowship for 2002-03. His research focuses on



microeconomic theory and empirical microeconomics. Using a unique data set from Florida, Professor Fang is researching the question of whether racial profiling in motor vehicle stops and searches is motivated by racial prejudice or by effective policing. Another of his research interests is whether it is optimal to implement affirmative action in college admissions or labor market hiring.

**Timothy Guinnane** was the Pitt Professor of American History and Institutions at the University of Cambridge for the 2002-2003 academic year. He was also appointed a fellow of St. John's College. The Pitt Professorship was established after World War II in recognition of wartime Anglo-American solidarity and rotates among three academic disciplines. When in economics, the chair is always held by an economic historian. Several other members of the Yale faculty have held this chair, the last being John Morton Blum of the history department in 1963-64. The last economist from Yale to hold the chair was W.W. Rostow in 1949-50. Professor Guinnane is taking advantage of the broad interest in economic history in Cambridge to make progress on several projects, old and new. The new project is a joint collaboration with Professor Carolyn Moehling, and deals with the fertility of the Irish in Ireland and the United States at the turn of the 20<sup>th</sup> century.

**George Hall** was the recipient of a 2002-03 Sloan Fellowship. The fellowship enabled him to continue developing, solving, and estimating empirical models of price determination and optimal inventory investment by middlemen in the U.S. steel market.



**Carolyn Moehling** was awarded a Junior Faculty Fellowship for 2003-04 to continue her research on the evolution of welfare policy and single motherhood during the 20th century in the U.S. Her project

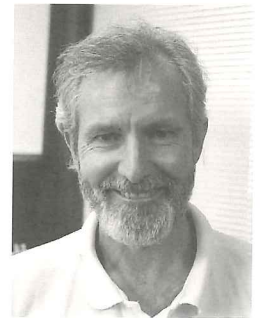
considers a number of historical questions: Did the prevalence of female heads of household in a state influence the timing and relative generosity of the legislation concerning mothers' pensions? Did more generous laws lead to higher percentages of single-mother families? Why did the legal provisions vary so greatly across the states? When did the positive relationship between welfare generosity and the preponderance of white female heads of household emerge? Professor Moehling hopes if she can establish when this positive association emerged, researchers will be able to disentangle

the relationship between American welfare policy and changes in family structure.

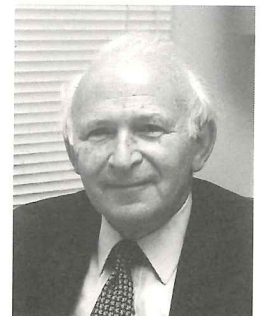
**Stephen Morris** '87 MA, '91 PhD was recently elected a fellow of the Econometric Society in recognition of his contributions to the field. With the support of the National Science Foundation, Professor Morris organized a conference in Barcelona, Spain, on "Coordination and Incomplete Information: Theory and Experiments" in August of 2002 which brought together microeconomic theorists and experimental economists. His recent research has focused on the role of uncertainty about others' beliefs in asset pricing. Professors Morris and Dirk Bergemann are researching the design of institutions that are robust to the designer's uncertainty about the environment. During 2003-2004, they will organize a Cowles Foundation research initiative on "Robust Mechanism Design" that includes a departmental conference and renowned visitors from other institutions.



**Peter Phillips** was honored as Advisor of the Year with a bottle of champagne at the annual Christmas party. "I don't know what I would have done if Peter wasn't there for me," said one advisee. "Peter is supportive and generous with his time when it comes to talking to students. He is always willing to see me, read my work, and give me helpful suggestions." "It is a fine gesture and a wonderful honor," said Professor Phillips.



**Gustav Ranis** '53 MA, '56 PhD has been reappointed by President Richard Levin as the Henry R. Luce Director of the Yale Center for International and Area Studies (YCIAS). Professor Ranis, who is also the Frank Altschul Professor of International Economics, began his new two-year term on July 1, 2002. He has held the top post at the Center since February 1996. "I am very pleased to have been reappointed," said Professor Ranis. "In the past few years, the Center has experienced continued growth in both quantitative and qualitative dimensions. With the help of the team at Luce Hall and the excellent facilities here, I fully expect that this trend will continue."



*continued on page 5*



## Faculty News — Retirement

**Merton Peck**, Thomas DeWitt Cuyler Professor Emeritus of Economics, retired as of January 1, 2002. The following tribute was read at the Yale College Joint Board meeting last year:

Joe Peck, BA Oberlin College, MA, PhD Harvard University. O Peck, you're such a great man! You rose steadily through the academic world, from Michigan to Harvard, and from Harvard to Yale. A key figure here for almost forty years, you served and guided us in almost every possible capacity.

Your talents as a teacher and your devotion as Director of Undergraduate Studies and Director of Graduate Studies won you a special place in the hearts of countless students. You led the Department of Economics as Chair a record number of years, and the School of Management as Acting Dean during a troubled time.



Your research on the economics of transportation led to a collaborative book that became a classic. Equally acclaimed are your contributions to the reform of defense procurement and regulation, and your analysis of the technology and communications industries. An expert on the economy of Japan, you later turned your critical eye to the problems of transition as the Soviet system dissolved.

Not just a brilliant scholar and administrator, you have been the wisest of counselors. You have been sought out for advice by your colleagues, your students, the Yale administration, Secretary of Defense Robert McNamara (as his Director of Systems Analysis) and President Lyndon B. Johnson (as a member of his Council of Economic Advisors).

Your great friend, the late Bill Parker, once observed, "when Joe Peck is made Chairman or Dean, it is a sign that the President feels that patience and consultation is needed and that incipient ungovernability is at hand." For all your gifts to Yale, we thank you. But even as we grudgingly allow you to retire today, we warn you: we shall not stop asking your advice!

## Faculty News — Highlights *continued from page 4*

**Herbert Scarf**, Sterling Professor of Economics, was made a fellow of the Institute for Operations Research and the Management Sciences on November 18, 2002, for his contributions to inventory theory. The newly established fellowship recognizes "years of dedicated leadership and valuable contributions to the profession of operations research and the management sciences." In his current work, he is drawing on his training in mathematics in order to consider economies of scale involving indivisibilities.

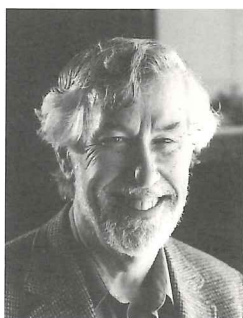


nior fellow of the Bureau of Research and Economic Analysis of Development.

**Christopher Timmins** was awarded the 2002 William Clyde DeVane Medal in recognition of his distinguished scholarship and outstanding teaching. The medal, given each year by the Yale Chapter of Phi Beta Kappa, is named for



William Clyde DeVane, who was dean of Yale College 1938-1963 and served as president both of the Yale and United Chapters of Phi Beta Kappa. Professor Timmins, who joined the Yale faculty in 1997, has focused his research in microeconomics on current social or environmental problems, studying, among other topics, the economic cost of global warming. Jennifer Nou, the undergraduate president of Phi Beta Kappa and one of Timmins' students, said, "Chris Timmins went out of his way to ensure that his students were grasping the material. He held extra office hours every week in addition to holding his own review sessions before exams — even when the TAs were offering their own." Nou noted that Professor Timmins has continued to meet regularly with students while on a leave of absence as the new father of triplets. "Surely, this is not only a 'nice' man, but one who is dedicated to this University," Nou concluded.



**T. Paul Schultz** is using microeconomic methods to evaluate health and education programs implemented as randomized social experiments and to infer the consequences of social programs from household

surveys collected in such countries as Kenya, Brazil, China, and Taiwan. Professor Schultz served as the director of graduate studies for the IDE program for 2001-02. He completed two terms on the Board of Trustees of the Economic Research Forum in the Middle East and on the Division of Behavioral and Social Sciences and Education for the National Academy of Sciences, to which he was named a National Associate in 2001. He continues to serve as a member of the UNAIDS Reference Group on Economics, and was appointed last year a se-

## Featured Visitors 2002-03

**Itzhak Gilboa** of Tel Aviv University visited the department during the fall and the first half of the spring semester. He developed two new courses: "Psychology and Economics" (Econ 185) at the undergraduate level, and "Decision under Uncertainty" (first half of the advanced micro course) at the graduate level. In addition to teaching, Professor Gilboa organized a conference on the topic "The Theorems of Arrow and Harsanyi: Fifty Years Later," hosted by the Cowles Foundation in October 2002. He continued his research on induction and analogies, and completed a paper on this topic (which he also presented at the theory seminar).

**Robert Townsend** of the University of Chicago visited Yale during spring of 2003. He taught a portion of the second-year graduate Development Economics course (with Chris Udry), and spent a great deal of time meeting with graduate students and faculty in the department. This visit strengthens what has become a close relationship between the development economics groups at Yale and at Chicago. Graduate students from both institutions have visited the other to gain broader perspectives on their research, and this cooperation is expected to continue in the future.

## New Arrivals!

Yasmin, daughter of Dirk Bergemann & Kishwar Rizvi, was born March 19, 2002.

Helen, daughter of Stefan Krieger and Eliza Morse, was born July 2, 2002.

Erga, daughter of Itzhak & Eva Gilboa, was born January 2, 2003.

Nicholas, first son of Patrick Bayer and Tracy Falba, was born February 11, 2003.



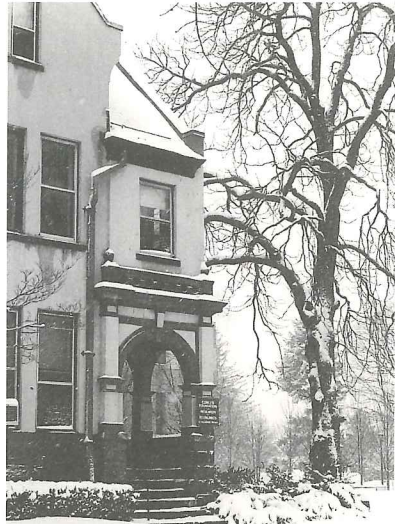
# Cowles Foundation

## Cowles Foundation Conferences

**Frontiers in Applied General Equilibrium Modeling** was held on April 5-6, 2002. Papers were presented by Kenneth L. Judd, Hoover Institution, Stanford University; Michael C. Ferris, University of Wisconsin; José-Victor Ríos-Rull, University of Pennsylvania; Edward C. Prescott, University of Minnesota; Aloisio Araujo, IMPA; Alan Manne, Stanford University; Timothy Kehoe '79 PhD, University of Minnesota; Shantayanan Devarajan, the World Bank; James Heckman, University of Chicago; Dale Jorgenson, Harvard University; François Bourguignon, DELTA,

Paris; and John Whalley '73 PhD, University of Western Ontario.

Discussants were Herbert E. Scarf, Yale University; Thomas Rutherford '77 BS, University of Colorado; Eduardo Engel, Yale University; Thomas Sargent, Hoover Institution, Stanford University; John Geanakoplos '75 BA, Yale University; Kirit Parikh, IGIDR, Mumbai; Jaime Serra '79 PhD, SAI, Mexico City; Anne Krueger, IMF; Michael Keane, Yale University; John Shoven '73 PhD,



Stanford University; T.N. Srinivasan '62 PhD, Yale University; and Alan Deardorff, University of Michigan.

**The Theorems of Arrow and Harsanyi: Fifty Years Later** was held October 4-5, 2002. Papers were presented by John Geanakoplos '75 BA, Yale University; Dov Samet, Tel Aviv University; Uzi Segal, Boston College; Rakesh Vohra, Kellogg School of Management, Northwestern University; Christian List, Oxford University; Edi Karni, Johns Hopkins University; Jean-François Mertens, Université Catholique de Louvain; David Schmeidler, Tel Aviv University; Klaus Nehring, University of California at Davis; Simon Grant, Rice University; and William Thomson, Rochester University.

**Estimation of Dynamic Demand Models** was held November 1-2, 2002. Papers were presented by Tulin Erdem, University of California at Berkeley-Haas School of Business; Andrew Ching, Ohio State University; Victor Aguirregabiria, Boston University; Michael Keane, Yale University; Dick Wittink, Yale University School of Management; Aviv Nevo, University of California at Berkeley; Steven Berry, Yale University; and Tat Y. Chan '01 PhD, Washington University-St. Louis.

Discussants were K. Sudhir, Yale University School of Management; Ahmed Khwaja, Duke University-Fuqua Business School; Steve Berry, Yale University; Günter Hitsch '01 PhD, University of Chicago-Graduate School of Business; Michael Keane, Yale University; Judith Chevalier '89 BA, Yale University School of Management; Victor Aguirregabiria, Boston University; and Dan Akerberg '97 PhD, UCLA.

## Carl Arvid Anderson Prize Fellowships

The prizes for 2002-03 were awarded to Patrik Guggenberger, Sze Sze (Stephanie) Lau, and Sergio Turner, all fifth year students in the department. The Anderson Prize relieves advanced graduate students of teaching responsibilities for one semester, allowing them to devote their time to dissertation research.

## Cowles Foundation Graduate Student Fellowships

Fellowships for 2002-03 were awarded to Brendan Beare, Joanna Haddock, Kyle Hood, Seik Kim, Yoon-Ho (Alex) Lee, Xianwen Shi, Colin Stewart, Jeffrey Weinstein and Xiaolan Zhou. The Cowles Fellowships are given for a period of four years to entering graduate students, in recognition of outstanding potential for research.

## Cowles Foundation Summer Prize

Prizes for 2002 were awarded to Caterina Calsamiglia, Ana Fostel, Borja Gracia, Erik Hjalmarsson, Sainan Jin, Shareen Joshi, George Korniotis, Elena Krasnokutskaya, Deran Ozmen, Vadim Marmer, Marek Weretka, and Feng Zhu. The prize supports students for a summer of research and study.

## ROME Project 2002

The Research Opportunities in Math and Economics (ROME) Project, initiated in 1998, supports undergraduate students for a summer of research with professors. The program introduces talented students to the life of academic research.

Student projects for the summer of 2002 embraced a wide variety of fields: Jessica Duan '04 worked with Hanming Fang on *An Empirical Analysis of Racial Bias in Motor Vehicle Searches*; Qinan Tang '03 worked with William Goetzmann '78 BA, '86 MBA, '91 PhD on *Shanghai Stock Market Prices from the Late 19th and Early 20th Centuries*; Nuno Antunes '04 worked with George Hall on *Exchange Rates and War News During the First World War*; Assad Ahmad '04 worked with Peter K. Schott on *Just How Protected are US Apparel and Textile Companies: US Import Quotas Under the Global Multifiber Agreement, 1972-2001*; and Leah Walker '03 worked with Fiona Scott Morton '89 BA '02 MAH on *The Effect of Providing Information and Bargaining for Automobiles via the Internet*.



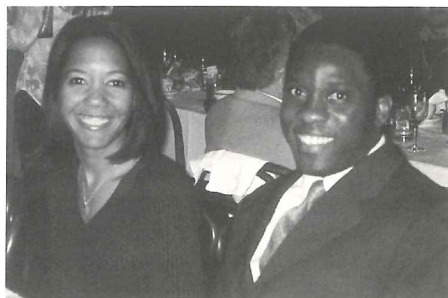
# International and Development Economics Program

## Returning Students

China Shirley Lu  
Japan Ai Oku

## New Students 2002-2003

China (PR) Chengshu Ha, Jun Liu, Yijun Shen  
France Fabrice Brassart  
India Tarini Chakravarti  
Nigeria Babajide Olateju  
Singapore Cheow Pong Chan, Chian Choo, Jynn Goh, Wei Mei Hum, Hwei Ying Leong, Joanne Lim, Wei Hong Lim, Geraldine Low, Julie Ng, Su Lynn Quek, Zhi Lian Yao, David Yeo



Babajide Olateju and his guest, Jill Gibson (SOM), at the annual IDE dinner at Mory's in March.

South Korea Youngjun Kim  
Taiwan (ROC) Chien-Ying Chen, Pei Chi Tseng, Wei-Shu Weng  
Thailand Sorasit Vanaprasert  
Ukraine Dmitry Shevchuk  
United States Rupesh Patel, Johanna Wickstrom

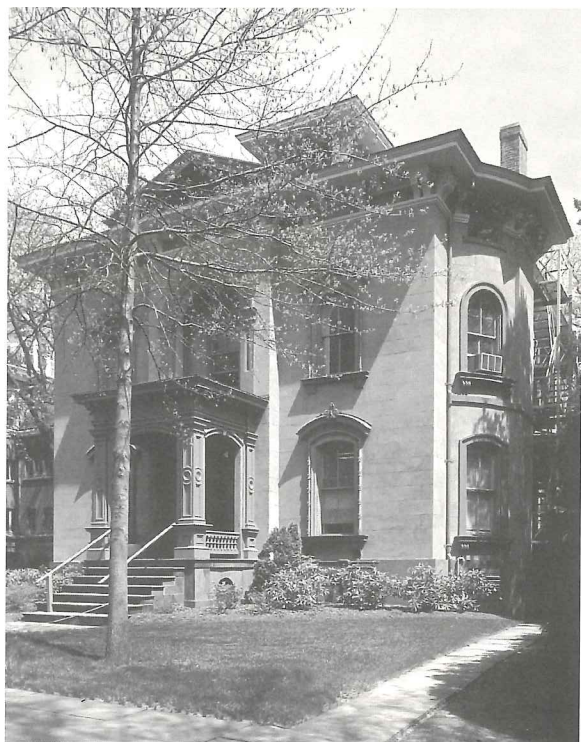
## IDE Alumni Notes

**Hernando F. Hermoso '84** MA IDE is currently assistant dean at Jose Rizal University's College of Professional Schools in Mandaluyong City, Philippines. He also serves as assistant professorial lecturer at De La Salle University in Manila, as technical editor of C! Magazine, and as the motoring columnist for Business World newspaper in Quezon City.

**Dendy Kurniawan '00** MA IDE is president and CEO of Indokapital Securities in Jakarta, a full service securities firm providing services in financial advising, merger and acquisitions, debt restructuring, equity research and brokerage, and investment management. Currently the firm is assisting a manufacturing company in restructuring a \$268 million debt, of which \$146 million belongs to the Indonesian Bank Restructuring Agency.

## Economic Growth Center

### 27 Hillhouse Renovations *continued from page 1*



Interior renovations in the basement created two new offices for graduate students and visiting scholars. On the first floor, the back porch was enclosed to create two new offices and existing office space was converted to wheelchair accessible bathrooms. On the second floor, a bathroom was transformed into a lounge for students, faculty and staff. Two smaller offices were joined to create a new senior faculty office. And the old heating system was replaced and central air conditioning was added. Building occupants are enjoying their newly renovated, climate-controlled environment.

## Economic Growth Center Prize

The Economic Growth Center Prize for 2002-03 was awarded to Lori Beaman,

Amit Khandelwar, Lauren Lax, Jeremy Magruder, and Xiaolan Zhou.

## Scenes from the Christmas Party



Top: Students Chris Ksoll, Harsha Thirumurthy and Shareen Joshi Bottom: David Pearce, Eduardo Engel and Chris Udry

*Story and more photos on page 9.*



## Graduate Student News —

### Entering Students, PhD Program

#### Fall 2002

Madiha Afzal (Lahore University, Pakistan)  
Christian Awuku-Budu (Morehouse College)  
Evrin Aydin (Bilkent University, Turkey)  
Lori Beaman (Northwestern University)  
Brendan Beare (University of New South Wales)  
Garry Gabison (University of Virginia)  
Joanna Haddock (University of New South Wales)  
Kyle Hood (University of Texas at Austin)  
Amit Khandelwar (Northwestern University)  
Seik Kim (Seoul National University, South Korea)  
Lauren Lax (Washington University, St. Louis)  
Yoon-Ho (Alex) Lee (Harvard University)  
Frank Limbrock (University of Cologne, Germany)  
Jeremy Magruder (Michigan State University)  
Andrew McDonald (Curtin University, Australia)  
Theodore Papageorgiou (Capodistrian University of Athens, Greece)  
Xianwen Shi (Northern Jiaotong University, China [PRC])  
Gustavo Soares (University of Sao Paolo, Brazil)  
Colin Stewart (Queens University, Canada)  
Jeffrey Weinstein (University of Maryland, College Park)  
Xiaolan Zhou (Wuhan University, China)

### Graduate Placement Program

During 2001-02 placement officers Peter Phillips and William Brainard assisted 17 candidates on the job market. Graduates accepted academic employment at the London School of Economics, the University of Toronto, Ohio State University, Humboldt University, the University of California at Irvine, the University of California at San Diego, the University of Cincinnati, and SUNY Buffalo.

Students were also placed in industry and government jobs at Analysis Group Economics, Charles River Associates, McKinsey and Co., the World Bank Research Group, IMF, the Bank of Mexico and the US Department of Justice.

For 2002-03 placement officers Peter Phillips and George Hall are working with 15 candidates on the job market.

### Graduate Student Inter-University Conference Series

The Inter-University Conference Series continues to allow PhD students from the east coast to share their research interests. Member universities include the University of Pennsylvania, Princeton, Maryland, New York University, Columbia, and Yale.

Since 1998, graduate students have organized three or four conferences a year, each time at a different university. Recent conferences have been held at the University of Pennsylvania in spring 2002 and at Princeton and Maryland in fall 2002. In April 2003 the conference returned to Yale, organized by Nicola Fuchs and Andrew Lemon. It featured 12 students from other schools presenting research in parallel sessions on micro and macroeconomics.

### The Powell Prize for Teaching

Raymond Powell Prizes for the most outstanding teaching fellows during the 2001-2002 academic year were awarded to Talia Bar, Nicola Fuchs and Shareen Joshi. Candidates for the prize are first nominated by faculty members; winners are chosen by the department chair, DGS and DUS based on teaching evaluations and additional input from the faculty.

Right: *Shareen Joshi*

Below: *Talia Bar  
and Nicola Fuchs*



### Summer Workshop Series

*By Pamela O'Donnell*

During the summer of 2002, the department sponsored the student-run Summer Workshop Series, where advanced graduate students presented their research projects. The workshops were held twice a week and included a presentation that was videotaped followed by comments from an assigned student.

The Office of Instructional Technology provided camera equipment and held a training session to instruct student workshop organizers on how to videotape fellow students. Copies of the presentations were made for the speakers so they could view and critique their own presentation styles. A TV/VCR was made available in the department for students without private access to this equipment.

Faculty advisors and students gave rave reviews to the process, which was valuable to students about to enter the fall job market. The Workshop Series is posted on the Department website ([www.econ.yale.edu](http://www.econ.yale.edu)) and will be an annual event.



## Christmas Party, December 8, 2002

By Tavneet Suri

After weeks of preparation, the big event of the year for the economists was finally on. A group of graduate students had been planning vicious skits and tallying the votes for the advisor and the teacher of the year awards. It promised to be no small event!

The student skits ranged from Peter Phillips threatening to leave Yale and then settling for some minor changes (such as renaming the Cowles Foundation to "Foundation for Prolific Econometric Theory Everyone Replicates") to how Don Brown really became DGS. The students acted their hearts out: Harsha Thirumurthy drew laughs with his impression of T. N. Srinivasan; Shareen Joshi played both John G. and Bill Brainard; Santiago Bazdresch Barquet acted the energetic, slapdash Chris Udry; and Chris Ksoll played an inspirational Steve Berry. The student performance concluded with a rendition of the micro theorists trying to build a yellow submarine to get them off a desert island and senior faculty giving job talks to keep their positions as Yale abolishes tenure.

Then it was time for the faculty to perform. But it was 9:00 p.m. and there was no sign of a faculty skit. At least the food was a success (sigh of relief). I discreetly in-



quired from a few faculty members and confirmed my expectations: they knew nothing about who, where, or what the skits were. Soon, a harried Ben Polak and David Pearce arrived, wielding the script and recruiting faculty for a quick rehearsal in the hallways of HGS before the show.

The scene opened with Ben and David (aka "The Boss") commiserating about the current first-years' fashion sense. Next they told the "real story" behind graduate admissions: throw out anyone who is too bright, good looking, female, or proficient in speaking English, and there you have an average crop of Yale econ admits!

As usual, the highlight of the faculty performance was the songs. Their rendition of "Rocking Robert" was pure genius: just imagine Bob Shiller "a hawkin' his book" and singing "Tweet Tweet Tweet!" All in all, it was a fine show from both students and faculty.

That left only one other matter of business — the moment when every professor's long hours and hard work pay off. This year's Teacher of the Year award went to Dirk Bergemann, and Advisor of the Year went to Peter Phillips, with honorable mentions to Caroline Moehling and Don Andrews in the teaching category and Stephen Morris, Don Brown and Michael Boozer in the advising category. Congratulations to them all on a job well done!





## Graduate Student News —

### Graduate Student Dissertations, Advisors, and Job Placements

#### December 2002

**Stephen Cacciola**, "Empirical Essays on Incentives, Firm Coordination, and Social Spillovers"; Michael Boozer, Paul Schultz; Analysis Group Economics

**Hiu Man Chan**, "Empirical Essays on Bargaining and Price Discrimination: A Case Study of a Steel Intermediary"; Ariel Pakes, John Rust; Charles River Associates

**Ana Fernandes**, "Dynamics of Industrial Productivity in Colombia: Trade Policy and Public Capital"; Christopher Udry, Steven Berry; the World Bank Research Group

**Timo Makela**, "Econometrics of Nonstationary Panel Data Applied to CEO Compensation Analysis"; Peter C.B. Phillips, Donald Andrews; Clear Transactional Analytics

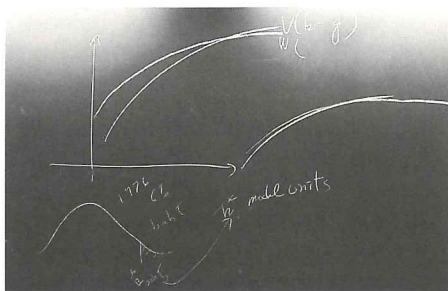
**Massimiliano Marzo**, "Monetary Policy Rules and Welfare in Dynamic Stochastic Models"; Christopher Sims, William Brainard; University of Bologna, Italy

**Benoit Mercereau**, "Stock Markets, Current Account Dynamics, and Exchange Rate Determination"; Christopher Sims, William Brainard; International Monetary Fund

**Alexis Milo**, "Essays on International Capital Mobility and Investment"; William Brainard, George Hall; Bank of Mexico

**Jennifer Murdock**, "Unobserved Characteristics within a Discrete Choice Model: An Application to Wisconsin Recreational Fishing"; Christopher Timmins, Steven Berry; Department of Justice, Antitrust Division

**Liang Peng**, "Three Essays in Finance"; William Goetzmann, Robert Shiller; University of Cincinnati



**Max Schanzenbach**, "Three Essays on Public Policy and Labor Economics"; T. Paul Schultz, Ann Stevens; Northwestern University School of Law

**Jane Toman**, "Plantation Labor Management on United States Cotton Plantations in the Antebellum South"; Gavin Wright, Carolyn Moehling; University of Sydney

#### May 2002

**Rupa Athreya**, "Modelling Beliefs in Games with Generalized Preferences and Other Essays"; Stephen Morris, Benjamin Polak; McKinsey & Company

**Sungjin Cho**, "An Empirical Model of Mainframe Computer Investment"; John Rust, Steven Berry; Hanyang University, Korea

**Dmitry Dubasov**, "Essays in Applied Macroeconomics"; William Brainard, Peter C.B. Phillips; Fannie Mae

**Ling Hu**, "Essays in Econometrics with Applications in Macroeconomic and Financial Modeling"; Peter C.B. Phillips, Robert Shiller; Ohio State University

**Bartosz Mackowiak**, "Essays on Dynamics of Fixed Exchange Rate Regimes and Macroeconomic Fluctuations in Emerging Markets"; Christopher Sims, Giancarlo Corsetti; Humboldt University, Berlin

**Michael McBride**, "Collective Action under Uncertainty"; Benjamin Polak, Stephen Morris; University of California at Irvine

**Marcela Melendez**, "A Dynamic Model of Vertical Integration for the American Pulp and Paper Industry"; Christopher Timmins, Steven Berry; University de los Andes, Bogotá, Colombia

**Scott Redenius**, "The U.S. Banking System in the Postbellum Period"; Timothy Guinnane, David Weiman; Bryn Mawr

**Yixiao Sun**, "Econometrics of Panel Structure Models and Long Memory Processes"; Donald Andrews and Peter C.B. Phillips; University of California at San Diego

**Katsutoshi Wakai**, "Linking Behavioral Economic, Axiomatic Decision Theory and General Equilibrium Theory"; Stephen Morris, John Geanakoplos; State University of New York, Buffalo

#### December 2001

**Tat Yuen Chan**, "Demand for Soft Drinks: Corners, Characteristics, and Continuous Choice"; Steven Berry, John Rust; Olin School of Business, Washington University

**Eugene Choo**, "Rational Addiction and Rational Cessation: An Application to Cigarette Consumption"; Steven Berry, Ariel Pakes; University of Toronto

**Amil Dasgupta**, "Dynamic Coordination Games: Theory and Applications"; Stephen Morris, Benjamin Polak; London School of Economics

**Nicolas De Roos**, "Essays on Collusion: Dynamic Models for Dynamic Markets"; Steven Berry, David Pearce; Bates, White & Ballentine Consulting Group, Washington

**Jason Draho**, "The Effect of Public Information on the Timing and Pricing of IPOs"; Dirk Bergemann, Benjamin Polak

**Gunter Hitsch**, "Essays on the Economics and Marketing of New Products"; John Rust, Steven Berry; University of Chicago

**Nicolay Moshkin**, "The Effects of Regulation in Natural Gas Markets"; Steven Berry, Paul MacAvoy; Cornerstone Research

**Ioannis Sarafidis**, "Release of Information with Imperfect Memory"; Benjamin Polak, David Pearce; INSEAD

**Katja Seim**, "Spatial Differentiation and Market Structure: The Video Retail Industry"; Christopher Timmins, Steven Berry; Stanford University

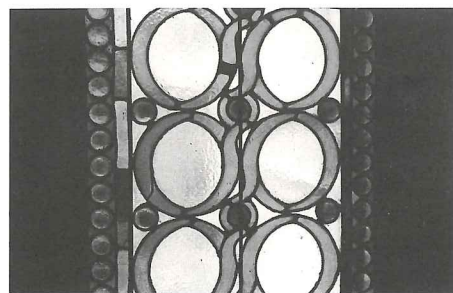
**Fumiko Takeda**, "Three Essays on Twin Crises"; Koichi Hamada, Giancarlo Corsetti; Bank of Japan

**Skander Van den Heuvel**, "Capital Adequacy, Bank Lending, and Monetary Policy"; Christopher Sims, William Brainard; The Wharton School

## Alumni Notes —

**Richard Elliot Benedick** '56 MA, global change policy analyst at Pacific Northwest National Laboratory, was elected to the American Academy of Diplomacy in July 2002. An association of 100 former cabinet secretaries, ambassadors and statesmen who have made considerable contributions to American foreign policy, the academy is a non-profit and non-partisan organization focusing on programs designed to improve the quality of US diplomacy and build

greater public understanding of its importance in the foreign policy process. Benedick is the only academy member to have been elected for his work in the environment and science fields rather than traditional foreign policy. He is currently based at Pacific Northwest National Lab's Joint Global Research Institute at the University of Maryland, College Park. Benedick is the author of the award-winning book, *Ozone Diplomacy* (Harvard University Press, 1998), and many other publications on environment, development and science policy.



continued on page 11



## Alumni Notes —

**David S. C. Chu** '64 BA, '72 PhD is undersecretary of defense for personnel and readiness. He is the defense secretary's senior policy adviser on recruitment, career development, and pay and benefits for 1.4 million active duty military personnel, 1.3 million National Guard and Reserve personnel and 680,000 Department of Defense civilian employees. This is Chu's second tenure at the Pentagon. From May 1981 to January 1993, he served as director and then assistant secretary of defense for program analysis and evaluation. In this position, he advised the secretary of defense on the future size and structure of the armed forces, their equipment, and their preparation for crisis or conflict.

**Baez D. Gonzalo** '58 MA is currently serving as a private economic adviser in Quito, Ecuador.

**Thomas D. Hopkins** '65 MS, '71 PhD is dean of the College of Business at Rochester Institute of Technology and president and CEO of the US Business School in Prague.

**Marie-Henriette Lambert** '61 MA is retired and living in Alsemberg, Belgium.

**Richard Makadok** '88 BA, '88 MA completed an MBA in 1991 and a PhD in 1994 from the Wharton School at the University of Pennsylvania. He is now associate professor at Emory University's Goizueta

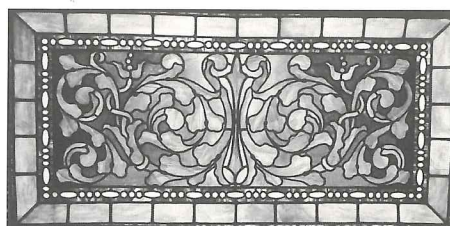
Business School. He specializes in strategic management, specifically the theory of how competitive advantages are created and sustained, and he has recently published a number of articles in *Strategic Management Journal* and *Management Science*.

**John F. McDonald** '71 PhD serves as senior associate dean for academic affairs and research and professor of economics and finance at the College of Business Administration at the University of Illinois at Chicago. His research focuses on urban economics and urban real estate, and his recent publications include *Economics of Urban Highway Congestion and Pricing* (1999) and *Fundamentals of Urban Economics* (1997). He is the US editor of *Urban Studies*, an international journal with main editorial offices at the University of Glasgow.

**George Sadowsky** '65 MA, '88 PhD serves as executive director of the Global Internet Policy Initiative (GIPI). The GIPI supports adoption in developing countries of the legal and policy framework for an open and democratic Internet. The project works with local stakeholders in consultative, coalition-based efforts to promote the principles of a decentralized, accessible, user-controlled, and market-driven Internet.

**Mark Smith** '99 PhD joined the US Department of Veterans' Affairs as a health economist. He works in Menlo Park, California, for the VA Palo Alto Health Care System and is affiliated with the Center for Primary Care and Outcomes Research and the Center for Health Policy at the Stanford University School of Medicine.

**Daniel Weinberg** '75 PhD was awarded the 2002 Roger Herriot Award for Innovation in Federal Statistics. The award, given jointly by the Washington Statistical Society and the American Statistical Association, was presented in honor of Mr. Weinberg's achievements in several areas, including poverty and income measurement, and occupational classification. He is chief of the Housing and Household Economic Statistics Division of the U.S. Census Bureau.



## IN MEMORIAM: ALUMNI

**Robert F. Bryan** '39 PhD died on May 16, 2002, at the age of 89. He was an economist with Lionel D. Edie & Co. from 1939-48, except during 1941-42, when he was with the U.S. Office of Price Administration. In 1948 he joined J. H. Whitney & Co., becoming a partner in 1951. He also served as financial vice president, treasurer, and director of Whitney Communications Corp. and as a partner in Whitcom Investment Co. He was a member of the executive committee of the Yale Graduate School Council from 1969-73 and a trustee of Oberlin College from 1960-70.

**Carl P. Ciosek, Sr.** '54 GRD died October 10, 2002, in Williston, Vermont, at the age of 87. He served in the Air Force in Italy and Africa during World War II and taught economics at the University of Connecticut following the war. Based on his expertise in Russian and economics, he was recruited by the Central Intelligence Agency, where he was a pioneer in tracking developments in cybernetics and economic planning.

**Albert Cizaukas** '57 MA died April 3, 2002 in Falls Church, Virginia, at the age of 82. He served as an economics officer in the Foreign Service from the late 1940s until 1969, with postings in Asia and Europe. His final assignment was in Washington doing debt rescheduling for Indonesia. At the World Bank from 1969 to 1982, he often represented the bank at the Berne Union, the international trade association for the export and investment insurance business.

**C. Mario Cortes** '62 MA died May 11, 2002, in Washington, DC, at the age of 72. He taught economics in Chile before moving to the United States in the 1960s. He earned a PhD in economics from Washington University in St. Louis and served as an economist for the World Bank from 1974 to 1979.

**John Charles Leary** '45 BA, '59 MA died on August 8, 2002, at the age of 78 in Alexandria, Virginia. From 1950 to 1988 he was an economics officer in the Foreign Service and retired as chargé d'affaires at the US Embassy in Granada. He also was a US representative to the UN Industrial Development Organization. He served in the Army Air Forces in Europe during World War II as a fighter pilot and a flight instructor, and his decorations included the Distinguished Flying Cross.

**Harry B. Price** '32 MA died on April 4, 2002, in Santa Fe at the age of 97. In 1937 he became executive director of the Committee for Non-Participation in Japanese Aggression, which persuaded Congress to prohibit the shipping of strategic materials to Japan. In 1944 he began serving as deputy director of the UN Relief and Rehabilitation Administration in China. Later he worked for the reconstruction of Europe and Africa under the Marshall Plan, in the Phillipine rural reconstruction movement, and as UN representative to Nepal from 1957-61. Beginning in 1970 he taught for 11 years at Maryville College in Tennessee, where he became chairman of the Department of Economics and Business. He was author of *The Marshall Plan and Its Meaning* (1955).

**John Sumsion** '53 MA died on February 21, 2003, in Rotherby, England, at the age of 74. He was awarded the Order of the British Empire for his service to the nation. He served as the first registrar of public lending right, the system in the UK that pays authors when their books are borrowed from public libraries. He was later director of the library and information statistics unit at Loughborough University.

**Walt W. Rostow** '36 BA, '40 PhD died on February 13, 2003, at the age of 86. He served in the Office of Strategic Services during World War II and received the Order of the British Empire. He joined the US State Department as assistant chief of the German-Austrian Economic Division, and later taught history, first at Oxford and Cambridge and then at MIT, establishing himself as a scholar of economic modernization. In the 1960s he advised Presidents Kennedy and Johnson, becoming the latter's special assistant for national security affairs. This post is now known as national security adviser. Long known as one of the architects of the Vietnam War, Mr. Rostow supported the war on economic grounds with the claim that it gave those Southeast Asian nations involved time to ward off the possible consequences of Communist takeover, and to develop economically and stabilize themselves. At the end of the Johnson Administration, Mr. Rostow resumed his academic career at the University of Texas. In the early 1990s, he became head of the Austin Project, an organization dedicated to expanding public and private programs providing prenatal care and aid to disadvantaged children.





## Economics Department 2002-2003 Statistics

### Actively enrolled graduate students:

PhD program: 138

IDE program: 27

### Entering graduate students:

PhD program: 21

IDE program: 26

### Undergraduate economics majors:

Seniors: 165

Juniors: 137

### Undergraduate economics & mathematics majors:

Seniors: 17

Juniors: 15

### Degrees granted in 2002:

PhD: 21

MPhil: 9

MA (IDE): 25

MA (other): 33

BA: 134 economics  
9 economics & mathematics

## Departmental Lecture Series

The 2002 **Okun Lecture Series** featured Alan S. Blinder, Professor of Economics at Princeton University. He presented "Through the Looking Glass: Central Bank Transparency," "Ex Uno Plures: Central Banking By Committee," and "Who's the Boss? The Central Bank and the Markets."

The 16th Annual **Simon Kuznets Memorial Lecture Series on Institutional Change and Economic Growth** was delivered on April 7-9, 2003 by Philippe Aghion of Harvard University and University College, London. His talks were entitled "Appropriate Institutions for Growth: Theory and Evidence," "Institutions and Liberalization: Revisiting the Washington Consensus?" and "Endogenous Political Institutions."



Scenes from New Haven's very long winter of 2002-2003

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