

Yale

*Annual Alumni Newsletter*

DEPARTMENT *of* ECONOMICS



*Fall 2017 Newsletter • Volume 2, Issue 1*

# GREETINGS FROM THE CHAIR



Dear Alumni, Friends, and Colleagues,

I am delighted to present you with the 2017 newsletter from the Department of Economics. A digital version can be found on the departmental website, <http://economics.yale.edu>, as well as recent news, updates, and events. The department and its associated research centers: the Cowles Foundation for Research in Economics and the Economic Growth Center, continue to thrive and attract world-class students, researchers, and faculty.

With the beginning of the new academic year, we are happy to welcome the new undergraduate and graduate students to our program. The undergraduate major continues to grow and is by far the largest major in Yale College for the last few years. Correspondingly, the Introduction into Microeconomics course taught this fall by our award winning colleague **Steven Berry** is the largest class in Yale College.

Our graduate program had a very successful placement of its graduate students lead by the placement officers Professors **Giuseppe Moscarini** and **Yuichi Kitamura**. Among the graduating Ph.D. students, **Meredith Startz** was one of eight students selected worldwide to present her work at a series of lectures in Europe organized by The Review of Economic Studies. She will start as an assistant professor at Stanford University after a postdoctoral fellowship at Princeton University.

On the following pages you will find faculty updates, including news on the Cowles Foundation and Economic Growth Center from their respective directors, Professors **Larry Samuelson** and **Mark Rosenzweig**. With the growth of the department, there have been several appointments within the last year. We are delighted to welcome **María Sáez Martí** and **Fabrizio Zilibotti**, who joined us this year from the University of Zürich. You will find a brief introduction to some of Fabrizio's recent work in "Parenting with Style" under the Focus on Faculty Research section. In addition to María Sáez Martí, the economic theory group will be noticeably strengthened with the arrival of **Mira Frick** and **Ryota Iijima**, who both received their Ph.D.'s. from Harvard University. Mira works on choice theory, behavioral economics, and dynamic games. Ryota has similarly broad research interests in evolutionary and dynamic game theory, decision theory, and networks.

The department has seen a remarkable increase in junior faculty in labor and public economics. **Yusuke Narita**, who completed his Ph.D. at MIT in empirical work on school matching, is joining the labor and public economics group as assistant professor this year. In addition, **John Eric Humphries** from the University of Chicago, and **Cormac O'Dea** from the University College London, are joining us this year as postdoctoral fellows at the Cowles Foundation and will become assistant professors next year. New to the department, but not the university, is our School of Management colleague, Professor **Mushfiq Mobarak**, who accepted a joint appointment with our department. He was also one of the recipients of the 2017 Andrew Carnegie Fellowship. Find an introduction to his research on seasonal migration on page 11.

Members of the department continue to be recognized for their outstanding research and teaching performance. Nobel laureate **Robert Shiller** was President of the American Economic Association (AEA) this past year and is again offering one of the most widely viewed Coursera online classes this fall, Financial Markets. Professor **Xiaohong Chen** was recently awarded the 2017 China Economics Prize for "her outstanding contributions on theoretical econometric research." Professor **Costas Arkolakis** has been awarded the 2017 Bodossaki Foundation Distinguished Young Scientists Award for most distinguished scholar of Greek nationality or descent under the age of 45. Costas continues the tradition by joining three past Yale economics faculty award winners: **John Geanakoplos** (1993), **Costas Meghir** (1996), and **Penny Goldberg** (2003). A propos, you will find an introduction to some of Penny Goldberg's recent work in "The Effects of Globalization" in Focus on Faculty Research.

As always, I encourage all our undergraduate and graduate alumni to visit the department whenever you are in New Haven. The faculty, staff and I are always delighted to welcome you back to Hillhouse Avenue!

And remember to look us up on <http://economics.yale.edu>, follow us on Twitter, like us on Facebook, and send us your updates at [economics@yale.edu](mailto:economics@yale.edu).

Best wishes,

A handwritten signature in black ink that reads "Dirk Bergemann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dirk Bergemann  
Douglass and Marion Campbell Professor of Economics  
Chair, Department of Economics

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# UNDERGRADUATE STUDIES NEWS

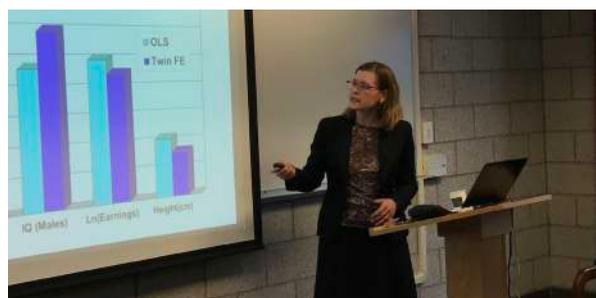


Economics continues to draw the most majors at Yale. The class of 2017 included 181 economics and another 13 economics and math majors. Those students do exciting work while they are here. Forty-nine of these graduates wrote senior theses looking at the economic implications of everything from debt minimization schemes to Uber to Ebola. Sixteen of these essays were nominated for prizes and are posted on our webpage. **Anna Russo** earned the Dickerman Prize for best essay for “A Head Start for the Whole Family: Assessing the Labor Supply Response of Mothers of Head Start Participants.” **Amen Jalal**, author of “The Targeting Performance and Short-Term Welfare Effects of Female Income Support Programs: Evidence from Pakistan,” and **Neha Anand** who wrote “Investing in the Womb: Identifying Gender Discrimination Through the Lens of Parental Ultrasound” shared the Ronald Meltzer/Cornelia Awdziejewicz Prize. **Alicia Borja Alvarez’s** “Did Central Clearing of Interest Rate Products Impact Market Activity?” garnered the Ellington Prize for best essay in finance.

For great accomplishments in the classroom, **Zheng Xiang Toh** earned the William Masee Prize for an outstanding record in economics and **Michael Wang** took the Louis Laun Prize for excellence in coursework overall. **Greg Cameron**, **Anna Russo**, **Michael Wang**, and **Trevor Williams** were named Tobin Scholars for their excellent performances in the core courses of micro, macro, and econometrics.

Students are also delving into economics outside of course work. The number of students participating in our summer research program, Scarf RAs, continues to grow. Forty-seven students learned firsthand about research working alongside professors and participating in graduate-student-led workshops this past summer. During the school year, students have a similar opportunity in our Tobin RA program.

Finally, students are taking the initiative to seek out opportunities to engage with economics beyond those the department organizes for them. This past spring, the Undergraduate Advisory Council brought Princeton economist **Janet Currie** to campus to give a talk aimed at an undergraduate audience. A group of students is creating an Undergraduate Women in Economics club aimed at increasing women’s representation among our major. Another group has revitalized the once dormant magazine *Yale Economics Review*, which offers students the opportunity to write more, learn more, and share more about economics.



Janet Currie presenting to undergraduates

*Ebonya Washington, Director of Undergraduate Studies*

## Tobin Scholars



Tobin Scholars and sponsors (from left to right: Michael Wang, Bill Brainard, Anna Russo, Dirk Bergemann, Ebonya Washington, David Swensen, Greg Cameron, Steve Freidheim, Trevor Williams)  
Photo: Harold Shapiro

## By the Numbers

### Actively enrolled grad students

- Ph.D. Program: 120
- IDE Program: 29

### Degrees granted in 2016-17

- Ph.D.: 10
- M.Phil.: 18
- M.A. (IDE): 31
- B.A./B.S. (Econ): 181
- B.A./B.S. (Econ & Math): 13

### Undergrad Course Enrollment

- Fall 2016: 1988
- Spring 2017: 2070

# GRADUATE STUDENT NEWS

## *Anderson Prize Fellowship*



The Carl Arvid Anderson Prizes for 2017-18 were awarded to (left to right) **Oren Sarig**, **Ian Ball**, **Conor Walsh**, **Wayne Gao**, and **Ling Zhong**. The prize is awarded annually to one or more pre-doctoral or post-doctoral students who are relieved of teaching responsibilities for one semester allowing them to devote time to dissertation research. With the fellowship's purpose to foster the advancement of economic research, the award was established in 1982 by the award's namesake, Carl Arvid Anderson.

## Focus on Student Research



**Joachim Hubmer** is entering his 5th year in the Ph.D. program. His research focuses on understanding both the determinants of economic inequality from a macroeconomic perspective, as well as the macroeconomic implications of heterogeneity among various economic factors.

Currently, he investigates how the evolution of the aggregate labor share is shaped by endogenous shifts in the composition of consumer demand, in addition to extensively studied changes in the production process. If robots are replacing us in the production of the goods and services that we currently consume, can shifting consumer demand serve as a stabilizing force?

Joint work with Tony Smith and Per Krusell employs the benchmark heterogeneous-agent macroeconomic model to examine drivers of the rise in wealth inequality in the U.S. over the last thirty years. They find that by far the most important driver is the significant drop in tax progressivity that started in the late 1970s, intensified during the Reagan years, and then subsequently flattened out, with only a minor bounce back. The sharp observed increases in earnings inequality and the falling labor share over the recent decades, on the other hand, fall far short of accounting for the data. Changes in asset returns and in the inflation rate help to account for the shorter-run dynamics in wealth inequality.

In other work, Hubmer documents how recent evidence on life-cycle earnings dynamics of U.S. workers can be well explained by a standard structural representation of a frictional labor market, the job ladder model. Workers climb up the ladder slowly, whereas a fall can have severe consequences. The dynamics of this model naturally generate asymmetric shocks, which are typically small, but infrequently very large. Risk aversion and wealth accumulation, as well as endogenous search effort and labor supply, interact with the labor market friction to jointly reconcile the evidence.

Prior to entering the Ph.D. program, Hubmer obtained an M.Sc. in Economics at the Institute for Advanced Studies in Vienna.



**Y**oung  
**E**conomists  
**S**ymposium



The Yale Economics Department and the Cowles Foundation hosted the 2017 Young Economists Symposium (YES) in August, with 85 graduate students from around the country attending the two-day event.

# GRADUATE STUDENT NEWS

## The George Trimis Prize



Meredith Startz



Matthew Grant

The 2017 George Trimis Prize for Distinguished Dissertation was awarded to two students. Meredith Lundberg Startz, for her dissertation entitled “The Value of Face-to-Face: Search and Contracting Problems in Nigerian Trade” and Matthew Grant for his dissertation entitled “Essays on the Trade Policy of Special Economic Zones.”

The prize was established in May 2003 in memory of George Trimis, a Ph.D. student in Economics, who lost his battle with cancer. The prize is given in recognition of the extraordinary example he set for the Department. The Prize is awarded to Economics Ph.D. recipients who demonstrate exceptional academic achievement. George Trimis was awarded the first prize before his death.

## DISSERTATIONS, ADVISORS, AND JOB PLACEMENTS

### December 2016

**Camilla Roncoroni**, “Essays in Empirical Industrial Organization;” S. Berry, P. Haile, D. Bergemann, M. Igami; University of Warwick, United Kingdom

### May 2017

**Gregory Cox**, “Advances in Weak Identification and Robust Inference for Generically Identified Models;” Y. Kitamura, D. Andrews, X. Chen; Columbia University

**Sharat Ganapati**, “Essays in Firm Responses to Globalization and Economic Policy;” P. Goldberg, C. Arkolakis, S. Berry, P. Schott; Postdoc Dartmouth College, then Georgetown University

**Matthew Grant**, “The Trade Policy of Special Economic Zones;” G. Maggi, P. Goldberg, P. Schott, L. Caliendo; Postdoc Princeton IES; Postdoc Stanford Institute for Economic Policy Research (SIEPR)

**Chiara Margaria**, “Essays in Dynamic Games;” L. Samuelson, J. Horner, E. Faingold; Boston University

**Craig Palsson**, “Institutions and Economic Development: Lessons from Haiti’s Economic History;” T. Guinnane, C. Udry, N. Lamoreaux; Naval Postgraduate School

**Meredith Startz**, “The Value of Face-to-Face: Search and Contracting Problems in Nigerian Trade;” M. Rosenzweig, C. Udry, D. Karlan, S. Kortum, D. Atkin; Postdoc Princeton IES, then Stanford University

**Haobin Wang**, “Essays on Unconventional Monetary Policy and the Global Financial Cycle;” J. Geanakoplos, M. Woodford, S. Roach; International Monetary Fund

**Jeffrey Weaver**, “Essays on Poverty and Labor Markets;” C. Udry, M. Rosenzweig, E. Washington, N. Ryan; Postdoc University of California, San Diego, then University of Southern California

**Jeffery Zhang**, “Consequences of U.S. Banking Deregulation in the Late Twentieth Century;” A. Metrick, G. Gorton, H. Jackson; Economist, Board of Governors of the Federal Reserve System

## The Raymond Powell Prize



Ian Ball

The Raymond Powell Prize for excellence in teaching performance was awarded to two students for the 2016-17 Academic year. Last year's recipients were **Ian Ball** and **Fabian Eckert**. Candidates are nominated by faculty members based on their performance as teaching assistants in economics courses. Winners are selected based on teaching evaluations from students and input from faculty.



Fabian Eckert

# FACULTY HIGHLIGHTS 2016-2017

## ALTONJI PRESIDENT-ELECT SOLE



**Joe Altonji**, the Thomas Dewitt Cuyler Professor of Economics, is 2017-18 president-elect for The Society of Labor Economists (SOLE). He served as vice-president this past year, and will assume the role of president starting July 1, 2018. A responsibility of the president-elect is to organize the impending annual conference, which will be held in Toronto, Canada May 4-5, 2018.

Altonji has been a fellow of SOLE since 2006. He is also a research staff member of the Cowles Foundation, and a professor in the Institute for Social and Policy Studies. His research focuses on labor economics, econometrics, school choice, the black-white wealth gap, wage determination, economic links among relatives, immigration, and changes in labor force quality.

## ARKOLAKIS RECEIVES BODOSSAKI AWARD



**Costas Arkolakis**, Henry Kohn Associate Professor of Economics, received the 2017 Bodossaki Foundation Distinguished Young Scientists Award for social-economic sciences. The prize is awarded by the Bodossaki Foundation to distinguished scholars of Greek nationality or decent, and who are under the age of 45. The prize's aim to "support the creative work of young

Greek scientists and to reward their commitment and effort to the advancement of science as well as to contribute to the promotion of exemplar role models for the society." Arkolakis' research and teaching specializes in general equilibrium trade theory, spatial economics, and macroeconomics.

## CHEN AWARDED CHINA ECONOMICS PRIZE



**Xiaohong Chen** was awarded the 2017 China Economics Prize by the National Economics Foundation for her "outstanding contributions on theoretical econometric research." Chen's most significant breakthrough contributions are her works on sieve estimation and inference on semi-nonparametric conditional moment

restrictions containing unknown functions of endogenous variables. Chen and her coauthors have approximated the unknown functions and the unknown conditional mean functions by some flexible sieve bases, and estimated unknown jointly by what they called sieve Minimum Distance (MD) or sieve GMM procedures. Her theories are easily applicable to diverse specific problems in microeconomics and macroeconomics.

Chen is the Malcolm K. Brachman Professor of Economics at Yale University. She is from Hubei in China, and received her bachelor degree from Wuhan University, and Ph.D. degree in University of California, San Diego.

## ROSENZWEIG RECEIVES SUN YEFANG AWARD, REAPPOINTED DIRECTOR

**Mark Rosenzweig** has been reappointed director of the Economic Growth Center. His term will extend through July 2019. The Frank Altschul Professor of International Economics was also named a recipient of the prestigious Sun Yefang Economic Science Award for outstanding contributions to economic science. Considered one of China's highest honors in the economics field, the prize was established in 1984 by the Sun Yefang Economic Science Foundation to commemorate its namesake, the distinguished Chinese economist Sun Yefang. Rosenzweig and his coauthor, Junsen Zhang, Wei Lun Professor of Economics, Chinese University of Hong Kong, received the award for their article, "Do Population Control Policies Induce More Human Capital Investment? Twins, Birth Weight and China's 'One-Child' Policy." The study, was published in the July 2009 issue of the Review of Economic Studies.



A conference in honor of Professor Rosenzweig and his accomplishments will be held in October at the Yale Club of New York City.

## SAMUELSON REAPPOINTED COWLES FOUNDATION DIRECTOR

**Larry Samuelson** has been reappointed director of the Cowles Foundation. His term will be for three years, effective July 1, 2017.

Samuelson is the A. Douglas Melamed Professor of Economics at Yale University. He joined Yale in 2008, having previously served 18 years as a faculty member at the University of Wisconsin, Madison. He is a fellow of the Society for the Advancement of Economic Theory, American Academy of Arts and Sciences, and the Econometric Society, and is also the sitting president of the Game Theory Society.



Economics Professor and Nobel laureate, Robert J. Shiller, presenting the American Economics Association Presidential Address at the Annual Conference in Chicago, Jan 7, 2017  
photo : AEA

# NEW FACULTY

## JOHN ERIC HUMPHRIES



**John Eric Humphries** will join the department in 2018 after serving as a postdoctoral fellow at the Cowles Foundation during the 2017-18 academic year. He is finishing his Ph.D. in the Department of Economics at the University of Chicago. He is originally from Eagle River, Alaska and has

an M.A. and B.A. in economics from the University of Chicago.

His research focuses on topics in labor economics and applied microeconomics. In particular, he studies how educational and career dynamics are affected by public policy. Much of his work looks at how policies affect the acquisition of human capital and the role of cognitive and non-cognitive skills in the labor market. He has published work on the GED exam, non-cognitive skills, the returns to education, and the estimation of dynamic treatment effects. His most recent work studies the causes and consequences of entry into, and exit from, self-employment over the life cycle.

## AHMED MUSHFIQ MOBARAK



**Ahmed Mushfiq Mobarak** was appointed professor in the Department of Economics. He is also a professor in the School of Management who received the 2017 Andrew Carnegie Fellowship to fund his research projects. Mobarak conducts field experiments exploring ways to induce people in

developing countries to adopt technologies or behaviors that are likely to improve their welfare. He also examines the implications of scaling up development interventions that are proven effective in such trials. He is currently collaborating with Evidence Action in multiple countries to replicate, test, and scale his research program that encourages rural to urban seasonal migration to counter seasonal poverty.

Mobarak's research has been published in journals across disciplines, including *Econometrica*, *Science*, *The Review of Economic Studies*, *The American Political Science Review*, *Proceedings of the National Academy of Sciences*, and *Demography*, while being covered by various media outlets around the world.

## CORMAC O'DEA



**Cormac O'Dea** was appointed an assistant professor, and will join the Department of Economics beginning in 2018. He will spend the 2017-18 academic year as a Cowles Postdoctoral Associate. He completed his Ph.D. in Economics

at University College London, has an M.Phil. in Economics from the University of Cambridge, and a B.A. in Economics from Trinity College Dublin. O'Dea is a public economist whose research focuses on how government policies affect household consumption, saving, and labor supply decisions. Current work investigates the implications of how Social Security is designed for household behavior and well-being. Other ongoing research studies the mechanisms through which inequality is transmitted across generations.

## MARÍA SÁEZ MARTÍ



**María Sáez Martí** was appointed a senior lecturer in the Department of Economics. Before coming to Yale, she was a professor of microeconomics at the University of Zurich. She has also held research and teaching positions at The Research Institute of Industrial Economics, University of London, Stockholm School of Economics, and Universitat Pompeu Fabra, Barcelona. She holds a Ph.D. in Economics from University College London and focuses on microeconomics and game theory.

## FABRIZIO ZILIBOTTI



**Fabrizio Zilibotti** was appointed professor of economics, joining the department July 1. He was the former chair of macroeconomics and political economy of the Department of Economics at the University of Zurich, and a former Professor of Economics at University College London and at Stockholm University. Zilibotti is a fellow of the Econometric Society, EEA, CERP, and CESifo. He is a co-director of the NBER Economic Fluctuations Group on Income Distribution and Macroeconomics, and is the past president of the European Economic Association (2016).

His research interests include economic growth and development, political economy, macroeconomics, and the economic development of China. He has been the principal investigator of an ERC Advanced Grant, and is a joint recipient of the 2009 Yrjö Jahnsson Award (best economist in Europe under the age of 45), as well as, the 2012 Sun Yefang Award for his paper "Growing like China."



# FOCUS ON FACULTY RESEARCH

## The Effects of Globalization



**Pinelopi (Penny) Koujianou Goldberg** is the William K. Lanman, Jr. Professor of Economics at Yale University and co-editor of the *American Economic Review*. She was the editor-in-chief of the *American Economic Review* from 2011 to 2017. Her teaching and research interests

lie in the areas of applied microeconomics, empirical international trade, and industrial organization.

Goldberg's recent research focuses on the effects of a major trade liberalization in India in the early 1990s. In a series of papers with various coauthors, including Yale alumni Amit Khandelwal (now professor at Columbia GSB) and Nina Pavcnik (now professor at Dartmouth), Goldberg shows that the reform led to substantial cost reductions for domestic firms, as these firms gained access to cheaper and higher quality inputs imported from abroad. But alongside cheaper inputs came competition from foreign producers. One might expect that intensified competition and lower costs would lead firms to reduce their profit margins and prices. Surprisingly, firms actually increased their profit margins – in fact, this increase was so large that it almost offset the cost decrease and prices hardly declined. What explains this surprising pattern? The short answer is firm market power. When firms have the power to influence the price that prevails in a market, they do not have to pass through cost decreases completely to prices; they can pass through only a small fraction of the cost declines and keep the rest for themselves. This is what happened in India. Does this mean that firms benefited from the trade liberalization at the expense of consumers? Not necessarily. First, the quality of products offered by Indian firms increased. Second, Goldberg and coauthors document that during this period there is increased product innovation – many new products produced by domestic Indian firms come on the market. Interestingly, the higher the profit increase is, the more likely a firm is to introduce new products. Hence, the data tell a “Schumpeterian” story: the trade reform did not reduce prices for consumers, it increased profits for firms. However, firms used the higher profits to finance product innovations that in the long-run may benefit consumers.

Goldberg has also studied extensively the distributional consequences of the massive trade liberalization in Latin American countries. Using micro data, this

work documents limited labor reallocation across industries and/or regions following major trade reforms, confirms the increase in the skill premium in developing countries, and empirically investigates several mechanisms through which the integration of developing countries in global markets has impacted income distribution and poverty in these countries.

Goldberg is currently collaborating with Yale Economics Professor Costas Meghir among others to investigate the interplay of the informal sector and globalization in settings characterized by strict labor regulation and other labor market frictions. Broadly the informal sector is the part of the economy that is invisible to the government: informal firms avoid taxes and hiring and firing regulations; informal workers do not receive benefits or social security. The informal sector accounts for a large share of the economy in most developing countries, but is generally considered undesirable because it reduces tax revenues needed to finance public goods, leads to inefficiencies, and lowers job satisfaction and job security for workers. However, it also provides de facto flexibility in economies characterized by rigid regulations and therefore, when such economies are faced with adverse shocks, the informal sector may help smooth the transition to a new state. For example, workers who lose their jobs because of intensifying import competition may find it easier to get a new job in an informal firm that is not subject to labor regulation than in a formal firm. Goldberg's current project aims at investigating this role of the informal sector when a country is exposed to the forces of globalization and understanding its policy implications.

"The informal sector accounts for a large share of the economy in most developing countries, but is generally considered undesirable because it reduces tax revenues needed to finance public goods, leads to inefficiencies, and lowers job satisfaction and job security for workers."

Goldberg is a fellow of the American Academy of Arts and Sciences, recipient of the John Simon Guggenheim Memorial Foundation Fellowship and the Bodossaki Prize in Social Sciences, elected fellow of the Econometric Society and member of its executive committee, research associate at the National Bureau of Economic Research (NBER), and board member of the Bureau for Research and Economic Analysis of Development (BREAD).

# FOCUS ON FACULTY RESEARCH

## Parenting with Style: Altruism and Paternalism in Intergenerational Preference Transmission



**Fabrizio Zilibotti** is the Tuntex Professor of International and Development Economics at Yale University who joined the department in July 2017. His main expertise is in economic growth and development. A branch of his research deals with the accumulation of human capital and the transmission of preferences and cultural traits

within families and through peer interactions.

In a recent article with Matthias Doepke (forthcoming in *Econometrica* 2017), he studies the strategies that parents employ in raising their children's human capital. In developmental psychology, these are known as parenting styles, and there is a classic distinction between three main styles. Authoritarian parents demand obedience from their children and exercise strict control. Permissive parents emphasize freedom and independence letting children make their own choices. Finally, authoritative parents attempt to influence their children's choices by reasoning with them and by shaping their values, rather than through command and discipline. The article investigates through the lens of economic theory what drives the adoption of different parenting styles. The main thesis is that these are shaped by economic incentives and constraints in the surrounding environment.

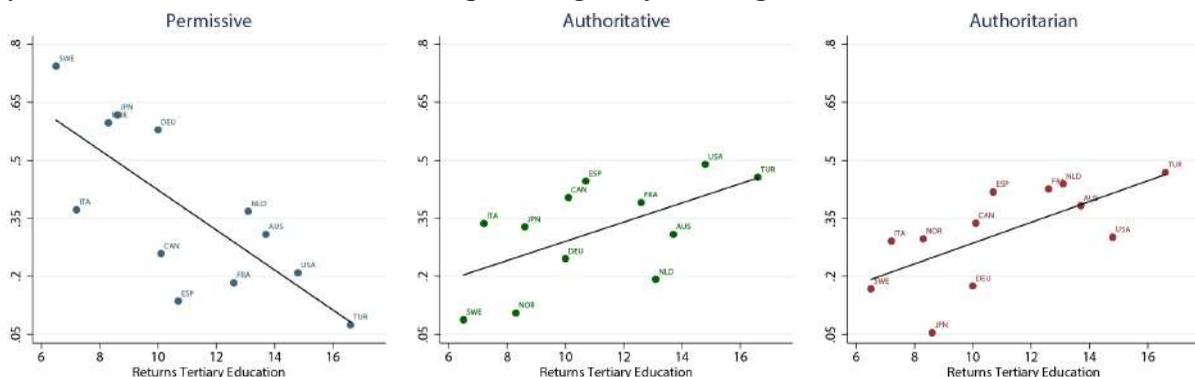
The theory predicts that in traditional societies with low social and occupational mobility, it is more important for children to learn skills from parents than to develop an independent view of the world. Then, the authoritarian parenting style tends to dominate. In contrast, authoritative parenting prevails in societies with a high economic value of making independent choices (for example, because children must be motivated to work hard in school) and a high return to human capital. Finally, permissive parenting is attractive if the return to independence is high and the return to human capital investment is low. The theory conforms with historical trends in parenting

styles among industrialized countries. Authoritarian parenting has been declining over time as societies have become more fluid and diverse over time. The radical permissive wave in the 1960s and 1970s can be linked to low inequality, a low return to education, and the increasing size of welfare state programs. In recent decades, there has been a trend reversion towards more engaged and often intrusive parenting (such as helicopter parents), especially among the wealthy and educated classes. The theory associates parents' effort to induce children to become high achievers with the increasing economic inequality and return to education.

"In recent decades, there has been a trend reversion towards more engaged and often intrusive parenting (such as helicopter parents), especially among the wealthy and educated classes."

The relationship between inequality and parenting style is also confirmed across countries. Using information from the World Value Survey, the article documents that the permissive parenting style is negatively correlated with inequality, whereas the authoritarian and, more pronouncedly, the authoritative parenting styles are positively correlated with inequality. The narrative for specific countries accords well with the general picture. Parents are far more permissive in Sweden and Norway than in the more unequal United States where parents are instead more authoritative and authoritarian. The pattern is robust to different measures of inequality and redistributive policies (earning inequality, return to education, the extent of redistributive taxation, social expenditure).

The authors are currently writing a book that extends the findings of the article to other determinants of parenting styles such as religiosity, parental gender attitudes, and the organization of the school system. In a follow-up project, also involving Giuseppe Sorrenti, the authors plan to study the effect of neighborhoods on the choice of parenting style using data from the PSID and Census.



# FOCUS ON FACULTY RESEARCH

## No Lean Season: Encouraging Seasonal Migration to Address Income Insecurity



**Mushfiq Mobarak**, Professor of Economics, conducts field experiments exploring ways to induce people in developing countries to adopt technologies or behaviors that are likely to be welfare improving. He also examines the implications of scaling up development interventions that are proven effective in such trials. He has several ongoing research

projects in Bangladesh, Brazil, Chile, India, Indonesia, Kenya and Malawi. The following is a condensed version from an article Mobarak and his colleagues published on the Innovations for Poverty Action website.

Mobarak, along with coauthors including Yale Ph.D. graduate students, has been conducting research on the viability of seasonal migration to towns as a strategy for poor rural households to cope with seasonal deprivation that occurs between planting and harvest when the demand for agricultural labor falls and the price of food rises. Seasonal hunger and deprivation is perhaps the biggest challenge to the reduction of global poverty that is not yet on major development organizations' radars.

About one-third of vulnerable households in rural areas of Bangladesh send family members to urban areas to find work during the lean season. Mobarak and his colleagues questioned many other households residing in those villages who could potentially reap large benefits from temporary migration, yet did not send anyone away to work. From 2008-2011, the team conducted field experiments in Northern Bangladesh to see whether providing information or small financial incentives, worth about the cost of a bus ticket, increased migration and in turn, improved household welfare.

Their findings show that those households that were offered either a grant or loan to migrate were substantially more likely to send someone to work outside the village during the lean season, and those families increased caloric intake relative to those not offered the incentives. Many of those households chose to re-migrate on their own a year later. A replication and expansion of the study during 2014-2016 not only confirmed these findings, it also showed that larger scale emigration increases wages and work hours in the village of origin, indirectly benefiting other village residents who stay back.

For their study, the research team collected data on the migration patterns of household members during the 2008 lean season in response to the information or incentives, and also any re-migration (absent any further incentive) during the 2009 lean season and a milder lean season in 2011. Thirty-six percent of households in the comparison group reported that at least one person migrated in 2008, the same level as the information group. In contrast, receiving the subsidy

in the form of either a conditional grant or a loan had a substantial effect on the propensity to migrate: 59 percent of households offered the cash and 57 percent of households offered the loan sent a migrant in 2008. In subsequent years, researchers found a persistently higher re-migration rate among those offered the grant or loan incentive, even absent any further subsidies (Figure 1).

This higher migration rate among incentivized households reveals a barrier preventing poor rural households from taking advantage of seasonal migration – along with a tool for overcoming it. Notably, there is no effect in the information group, which indicates that the reluctance to migrate does not rest on the poor being misinformed about the average profitability of migrating.

Rather, poverty limits households' ability to take on the risk of seasonal migration, because the failure to find work after undertaking the cost of trying it out can have devastating consequences for households living close to subsistence level.

In 2014, the research team conducted a second randomized evaluation offering to subsidize the transport costs for 5800 households, in a set of villages with population of about 36,000 households. The new research design not only re-examined the direct benefits of the approach at this scale, but also introduced new methods and outcome measures to explore the indirect spillover effects accruing to non-beneficiaries. The research team now partners with Evidence Action and is funded by the Global Innovation Fund and Givewell.org, all of whom have an interest in program delivery at scale.

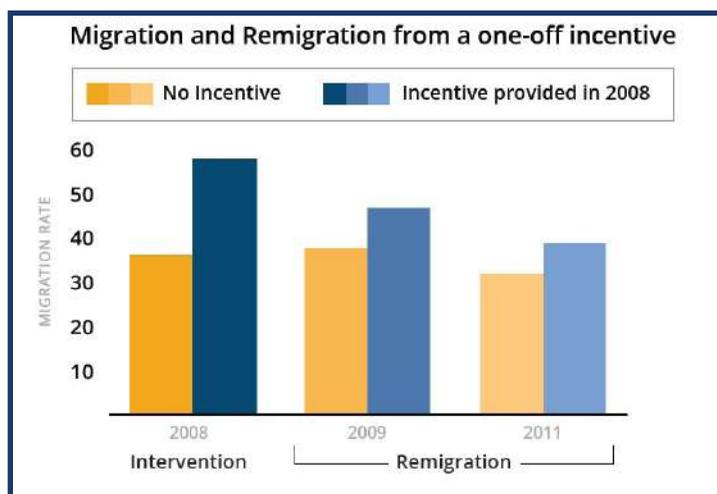


Figure 1

Increasing loan “saturation” (by making offers to a large fraction of households simultaneously) increases each household’s propensity to take up the offer because they can travel together and share risk and costs. This even induces other households in those same villages who did not receive offers to migrate.

(Continued on page 15)

# COWLES FOUNDATION NEWS



**Larry Samuelson**, the A. Douglas Melamed Professor of Economics, has directed the Cowles Foundation since 2014, and was reappointed this year to a second three-year term.

The Cowles Foundation, an economic research institute based at Yale, was founded in 1932 to promote the use of rigorous logical, mathematical, and statistical methods of analysis in economics and related fields. The foundation supports innovative research that influences any number of policy areas, including trade, immigration, and the environment.

Samuelson's thoughts on the foundation's work and its outlook for the future are found below.

## What kinds of research does the Cowles Foundation support?

The foundation supports a broad range of research in economics, while retaining its emphasis on rigorous methods. The broad range of research topics supported by Cowles is reflected in the Cowles Foundation Discussion Paper series. These feature a steady stream of contributions to economic theory and theoretical econometrics, but also applied and empirical papers on a wide range of more applied topics. Perhaps the most exciting aspect of the work is the extent to which we see papers that fall in the intersections between fields, combining theoretical models with empirical analysis, or combining ideas and researchers from economic theory and econometrics.

The broad range of Cowles activities is also reflected in this year's Cowles conferences. For the first time, we held a conference on international trade, with an emphasis on labor and migration issues. The conference on econometrics focused on networks, drawing interest from econometricians and network theorists alike. Altogether, the conferences drew a record number of participants.

## Does the research performed at Cowles inform public policy?

Economic research has never been more relevant than it is today. One cannot read the news without encountering issues — climate change, international trade, globalization, budget deficits, the provision of health care, the management of information, and so on — that are at the center of current research in economics. We are fortunate that Cowles has significant expertise in all of these areas. The members of Cowles publish in scientific journals, and that is often the most visible aspect of research at Cowles, but they are also busy talking to policy makers and government officials. Addressing the important policy issues of the day will call for more and more input from economists. The research done at Cowles may initially appear to be too esoteric to be relevant, but research of this type invariably filters through to affect policy.

The route from theoretical ideas to specific public policies is indirect, and is a process rather than an event. John Maynard Keynes, one of the great economists of the 20th century and a public servant, put it very well when he said, "Practical men who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back."

## You recently hosted your summer conferences, inviting leading economists from across the globe to campus. What were the highlights and why are such gatherings important?

The Cowles summer conferences bring together five groups of about 50 people each, in each of the areas of economic theory, macroeconomics, econometrics, international trade, and structural microeconomics. These conferences are distinguished by the intense and intimate atmosphere, allowing the leading figures in each field to have a two-day conversation focused on the latest research in that field. Highlights of the most recent round of conferences included the first prominent exposure of several new and exciting papers. Conferences such as this are the primary means of making new techniques and results available to others, of exchanging ideas, and of fostering collaborative research.

(continued on page 13)

## Counting on Cowles

### Visiting Faculty 2016-17

- Econometrics: 19
- Economic Theory: 27
- International Trade: 10
- Macroeconomics: 7
- Structural Microeconomics: 6

### Research Staff Members

- Faculty: 57
- Postdoctoral Fellows: 8

### Publications 2016-17

- Cowles Foundation Discussion Papers: 70
- Cowles Foundation Papers (reprints): 34

# COWLES FOUNDATION NEWS

**Cowles has a long tradition of inviting faculty from other institutions to participate in research. What impact do the visitors have on the foundation's intellectual culture?**

The Cowles visitor program is an important part of the Yale Department of Economics. Our goal is to continually bring the leading economists in various areas of research to Cowles. These visitors provide additional sources of help and advice to our graduate students, they provide a more diverse set of views and ideas in our seminars, and they are a valuable resource for our faculty. The intellectual environment in the Department of Economics at Yale is considerably richer as a result of these visitors. Instead of having to look outside the department for expertise on a particular problem or for a discussion with an expert in a particular area, at Cowles one can typically just walk down the hall. This is especially valuable in ensuring that new ideas and areas of research are represented at Cowles.

**Where do you see Cowles in five years?**

Recent political events have reinforced the lesson that one should be cautious in predicting the future. It is difficult to say what new techniques and ideas may appear in economic research in the next five to ten years. But whatever they are, they will surely be represented at Cowles, and I am confident the Cowles Foundation will be active in bringing new techniques and developments into economics.

**What makes Yale an attractive place to be an economist?**

Yale has a tremendous Department of Economics, but also a superb intellectual atmosphere, including a strong tradition of independent and critical thinking, backed up by talented and curious (undergraduate and graduate) students.

**Anything else you would like to add?**

I would like to mention the Cowles postdoc program. We have expanded this program, now bringing about eight new Ph.D.'s each year to Cowles for year-long postdoctoral positions that allow them to develop their research programs. Our goal here is to bring the most talented new Ph.D.'s in the market each year to Cowles.



Cowles Summer Conference Series 2017

## Cowles Foundation 2017-18 Postdoctoral Fellows



Giovanni Andreottola



Benjamin Connault



Soheil Ghili



John Eric Humphries



Danial Lashkari



Christopher Li



Cormac O'Dea



Jacopo Perego

# WITH APPRECIATION

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## *Alumni - What are you up to?*

Remember to visit the alumni news featured on the Economics website and share news with your fellow classmates. You can find more at <http://economics.yale.edu/alumni>

# ADDENDUM

(continued from page 11)

Overall, the offers greatly increased income for beneficiaries as they took advantage of better labor market conditions in the city. It also significantly increased income for other households residing in those same villages, as agricultural wages increased and more job opportunities opened up in the village as their co-residents emigrated to the city. These effects persisted for another year absent any further intervention.

The results indicate that it may be more cost effective to offer migration loans to the same number of poor households concentrated in fewer villages than thinly spread across many villages. The researchers have also identified a coping strategy for poor rural households, with positive impacts on income and consumption in current and future lean seasons. A relatively small transfer covering the costs of transportation and a few days of food enabled rural households to seize this opportunity; without the transfer households remained too vulnerable to take on the risk of migration. Alleviating this constraint enables people looking for work to reach the location where jobs are available, creating important efficiency gains for society.

Going forward, the researchers and implementers are exploring the applicability of offering incentives for seasonal migration in other rural contexts. They have launched a related evaluation in Indonesia, and are preparing for one in Nepal. They have also launched the program on a larger scale in Bangladesh and, as this program grows, they are examining the potential for any negative effects of mass seasonal migration, such as a strain on urban infrastructure, a saturation of the labor market, or other unintended social consequences which could dampen the program's impacts.

## STAFF ANNOUNCEMENTS



New and re-positioned staff members (left to right): Becca Stevens, Kerry DeDomenico, Brooke Williams, Wendy Lewis, and Nicole Whitcher

**Wendy Lewis** has become the Senior Administrator for the Economic Growth Center and International and Development Economics Program. **Becca Stevens** has rejoined the Economic Growth Center as a senior administrative assistant after coming back from maternity leave. Three new hires include **Kerry DeDomenico**, Senior Administrative Assistant for the Cowles Foundation; **Nicole Whitcher**, Department of Economics Assistant to the Chair; and **Brooke Williams**, Senior Administrative Assistant, Department of Economics.

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# A STONE'S THROW AWAY

The Department of Economics welcomes our new neighbors, Pauli Murray and Benjamin Franklin Colleges. Located on Prospect Street, the two residential colleges opened for the fall 2017 academic year. With enrollment expected to increase by 800 students over the next four years, the department should also see an increase in Economics majors.



Photos clockwise from the top: Benjamin Franklin College south tower on the corner of Prospect and Trumbull Streets with the west tower in the background; Franklin College south tower from 28 Hillhouse.