

From the Chair

Greetings from Bloomington!

At the end of the academic year it is a good idea to reflect on past successes and challenges, to take stock of our strengths and to see where and how we can improve our research and our teaching.

First, I would like to thank my predecessor, Michael Kaganovich, who did an incredible job as Chair steering the department through a challenging transition. The department is in much better shape thanks to his efforts and leadership.

There is certainly some very good news to report. Bulent Guler, whose research focuses on the macroeconomics of real estate markets, was awarded tenure. We congratulate Bulent on this well-deserved promotion. We have also been successful on the hiring front. The department hired Ke-Li Xu from Texas A&M. Ke-Li is an econometrician whose specialty is time series econometrics. Also joining the department will be Dean Lueck from

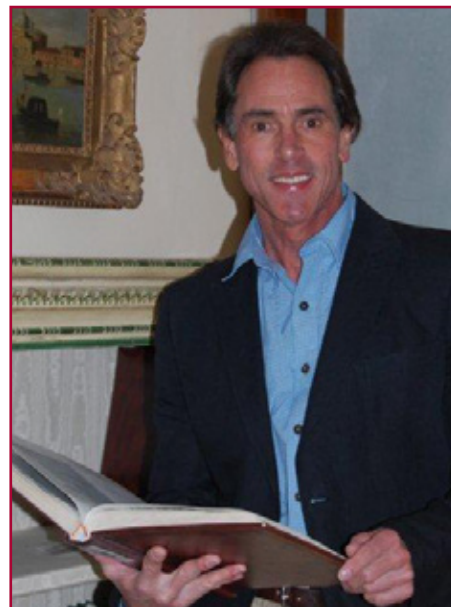
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Interview with Lee Alston, Director of the Ostrom Workshop

Professor Alston joined Indiana University in 2014. He is the Director of the Ostrom Workshop, Ostrom Chair, and Professor of Economics and Law. Professor Alston is the first person to hold the endowed Ostrom Chair. He was interviewed by James Walker, Professor of Economics and a member of The Ostrom Workshop Internal Board of Directors.

As the new Director of the Ostrom Workshop, you've taken on the important and complicated task of continuing a vision begun by Vincent and Lin years ago, and at the same time creating your own vision. What are your long-term goals for the Ostrom Workshop?

My long-term goal is to establish interconnected research programs on the theme of governance. By governance I mean the formal rules (laws) and informal rules (norms) that incentivize the behavior of



Lee Alston

individuals. I envision synergistic insights for governance emerging. We will be the only research unit in the world looking at governance across issues. Moreover, by decentralizing into programs the Workshop will be more sustainable as a long lived research center rather than relying on a strong personality driven organization. In

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Todd Walker Named the First Walter Professor of Financial Economics

On Monday, April 11, 2016 at the Annual Departmental Awards Ceremony, the Department of Economics was pleased to announce that Professor Todd Walker has been named the first Walter Professor of Financial Economics. Professor Walker joined the Department in 2006. He currently serves as Director of Graduate Studies. His research focuses on macroeconomics,



Todd Walker

econometrics, and financial economics. His research on how different information sets of traders in financial markets influence prices and actual trading has been funded by the National Science Foundation. <https://economics.indiana.edu/home/people/walkertb/>

The Professorship was endowed by a generous gift from Ralph Walter. Walter, a Chartered Financial Analyst, earned his M.A. from the Department of Economics at Indiana University in 1972, joined Kayne Anderson Rudnick in 2000 and served as chief operating officer and treasurer. He retired from this position in December 2015. Previously he was Chief Administrative Officer at The Chicago Corporation and its successor ABN AMRO, Inc. He has served or is still serving on numerous nonprofit boards, including Knox College, Exceptional Children's Foundation, CASA of Los Angeles, Zocalo Public Square, and the California State Historical Society. In his retirement he has been appointed a research associate at the Research Centre in Victorian Political Culture at Keble College, Oxford.

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TRENDLINE

This newsletter is published by the Department of Economics with support from the College of Arts and Sciences, to encourage alumni interest in and support for Indiana University.

For activities and membership information, call (800) 824-3044 or visit <http://alumni.iu.edu>

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(<https://economics.indiana.edu>)

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THE COLLEGE OF
ARTS + SCIENCES
BLOOMINGTON

Headline { News }

It has been another productive year in the Department of Economics. Here are some of the highlights of our activities. You will find more details in the following pages.

We are excited to announce that Ralph Walter, an M.A. graduate from our department, has endowed the Walter Professorship of Financial Economics. Professor Todd Walker is the first recipient.

Professor Lee Alston is the new Director of the Ostrom Workshop. He is interviewed by Professor James Walker. Read about Lee's goals and visions for the Workshop.

The Department welcomed two new staff members who help keep our department running efficiently. Read their short autobiographies.

Professor Emeritus Elmus Wicker remains active in retirement. The publication of his latest book was celebrated with a release party held in the U.S. Capitol.

Another two-week *Improving Economics Instruction Program* was co-organized by Professor Michael Kaganovich. Twelve economics instructors from Russia attended. Several of our faculty conducted seminars and discussions.

Undergraduate students benefitted from career development trips to Chicago and Miami as well as a number of career talks presented by speakers with a wide variety of professions.

Undergraduate interns play an important role in our teaching mission. One of our recent undergraduate interns, Joe Topp, writes about why he enjoyed this experience.

Bo Hu, a current 5th year Ph.D. student, is the recipient of the top paper award for presentation by doctoral students at "The Power of Two": The 12th International Symposium on Econometric Theory and Applications & The 26th New Zealand Econometric Study Group.

Distinguished Professor Emeritus Nicolas Spulber, who died in 2004, is fondly remembered by a colleague, doctoral student and co-author, and a master's student.

Pallavi Baral, a prominent alumna, reflects on her experience as a Ph.D. student in Wylie Hall.

ATTENTION ALL ALUMNI AND FRIENDS! SAVE THE DATE!

Please join us at our annual Department of Economics Alumni Reception at the AEA meeting in Chicago on Saturday, January 7, 2017 from 6:00 p.m.–7:30 p.m. Location to be announced.

We hope to see you!

Interview with Lee Alston

short, when Lee goes, the Workshop should be able to recruit a new Director but the basic organizational structure will remain intact.

For more details on the Ostrom workshop please visit our webpage: <http://ostromworkshop.indiana.edu/home.php>

You've only had a short time in Bloomington to begin implementing your vision for the Ostrom Workshop. What do you see as short term successes?

By year two we have established a strategic plan that guides our growth. We have established two Programs: Governance of Natural Resources and Governance of Cybersecurity and the Internet. We are currently searching for a Director of a third Program on Governance of Economic, Legal and Political Development, which might be thought of as Governance of Governments. I am most proud of the incredible diversity in our new Workshop Affiliated Faculty. They range across Arts and Sciences, Kelley, Law, SGIS and SPEA. We have become much more interdisciplinary in two years. We also have incredible outside support from our External Workshop Affiliate Faculty as well as a world class group of scholars serving on our external board. We have also begun collaborations. We have two already in place and more in the works: 1) Along with Harvard and Princeton, we will rotate in hosting the prestigious

"I am most proud of the incredible diversity in our new Workshop Affiliated Faculty. They range across Arts and Sciences, Kelley, Law, SGIS and SPEA."

conference on Political Institutions and Economic Policy (PIEP). The Ostrom Workshop will host in Bloomington in May 2017; and 2) We are planning a co-hosted Workshop on Institutional Analysis with the Coase Institute. This is in cooperation with Juan-Camilo Cárdenas, an external Workshop Affiliated Faculty located at Los Andes University in Bogotá. We are scheduling the meeting for December 2017. We have also increased the amount of graduate student funding for both travel awards and Ostrom Fellows. Fellows receive released time from teaching to focus on their research. The grants and fellowships span across several schools and departments within schools. Funding for faculty seed grants has also increased with the goal of fostering more grant activity and more high profile publications. We will also start awarding Ostrom Dissertation Awards to undergraduates doing research in areas of governance.

What insights have you gained that might help others in finding ways to promote research and graduate teaching

that spans multiple disciplines?

My insights derive from over two decades of running an interdisciplinary seminar: 1) co-teach with someone from another discipline; and 2) attend a seminar series where there is no presentation but simply discussion on a paper that attendees credibly commit to reading ahead of time. In both these settings one is able to see how scholars from different disciplines think about the same issue.

How do you see your goals best fitting into the future of the IUB Department of Economics?

Our goals are complementary with the end result of making the Department of Economics rise in the rankings and become more interdisciplinary. For example with the arrival of Dean Lueck, our first Director of the Program on Governance of Natural Resources, and me, the Department increased its full Professors by two in two years. We anticipate making more joint hires with Economics as we expand our list of Programs. Improving the Ostrom Workshop and improving the Department of Economics will have synergistic gains enabling us to recruit higher quality candidates for both. It will also enable us to offer a more interdisciplinary list of undergraduate and graduate course offerings. This will benefit our students as well as our reputation on (and off) campus, enabling us to secure more resources from the front office.

We can and have provided research support for faculty and graduate students. In the past year, we gave seed grants to five faculty members. We awarded two Ostrom Fellowships to graduate students which allowed



(continued on page 4)

Around the { Department }

Lee Alston, (cont.)

them a term without teaching. Both faculty and graduate student support are provided on a competitive basis and reviewed once a year by an interdisciplinary committee.

We have also co-sponsored with economics, speakers to the Department and the Workshop. We also have some support for conferences. We co-sponsored the 3rd InsTED Workshop on “Advances in the Theory and Empirics of Institutions, Trade & Economic Development.” Beginning in May 2017 we will begin a rotation with Harvard and Princeton in hosting the conference: Political Institutions and Economic Policy. Last but not least we bring economists (and other very interesting social scientists) to campus to our Colloquium series every Monday at noon. For example, this spring term, we hosted Gary Libecap and Jim Robinson.

Your own research interests bring together economic history and institutional analysis. Can you comment on this approach in terms of its importance to the discipline of economics?

Churchill allegedly said: “Those who fail to learn from history are doomed to repeat it.” This is especially true for economics. History is a natural testing ground for much of our theory. Economics is the study of human behavior (ok, some other things matter too) and especially the workings of markets. But, as we learned from the dissolution of the Soviet Union, markets do not spontaneously emerge. Markets exist for better or worse within an institutional context, the laws, and norms of behavior that people bring to markets. For example, if participants trust one another it reduces the transaction costs of doing business and improving economic performance. And, given that not all market participants are angels the formal rules matter. People make contracts under the shadow of the law which can improve contracting and again overall economic performance. At many of the top programs in Economics, economic

history or institutional analysis is a graduate requirement. Perhaps in a few years, it will be as centrally important at IUB as well.

From the Chair, (cont.)

the University of Arizona. Dean’s research focuses on contracts, property rights, and governance, especially in relation to natural resources. We look forward to these new additions to our faculty to help us to further improve our research and our teaching.

There is no shortage of challenges. Many of these have to do with serving a large number of majors within a very limited budget.

Being in this department is a joy. The faculty are dedicated to research and to teaching. The graduate students are growing into their role as young scholars. Our third-year Ph.D. students are required to present a research paper at our annual departmental Jordan River Conference. One of my senior colleagues noted that the research by our graduate students has never been better. This bodes well for their future placements, their careers and the national and international reputation of the department.

It is delightful to work with the undergraduates. They all come from different backgrounds and have different perspectives. I love talking to them about their aspirations and dreams. It is very inspirational to see

how these young men and women develop intellectually, how they navigate through the curricular maze and prepare for the “real world”. Of course, there are some who struggle, but it is rewarding to see their persistence.

Our alumni are wonderful. Wherever I go, I am finding alumni who are very loyal and supportive and generous.

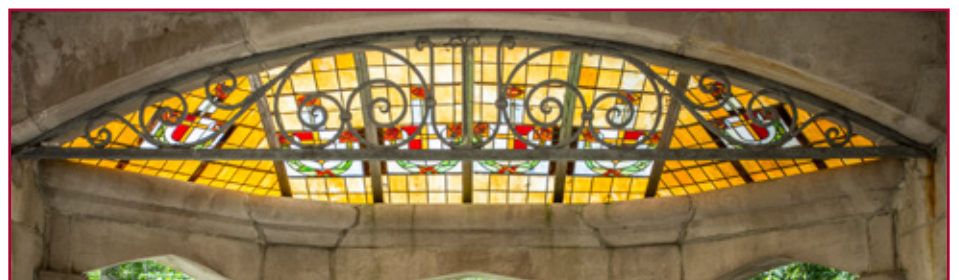
Last but not least: We have the best staff. They make the lives of students and faculty so much easier. I take my hat off to them.

With best wishes,

Gerhard Glomm
Professor and Chair



“Our alumni are wonderful. Wherever I go, I am finding alumni who are very loyal and supportive and generous.”



Around the { Department }

Meet our Newest Staff



Paulette Davidson is pleased to be back in the Department of Economics (as of September, 2015), having previously worked in the department from March, 2012 through January of 2014. As the Department Secretary/Student Services Assistant, she enjoys being the first point of contact for questions regarding the department and also loves assisting the wonderful faculty and graduate students in Wylie Hall. Paulette is a pianist who earned a Bachelor of Music degree from Illinois Wesleyan University and a Master of Music degree from Arizona State University. She has enjoyed accompanying various groups and a multitude of soloists over the years, including collaboration with many Indiana University students from the Jacobs School of Music on their degree recitals. Paulette is an avid runner and also enjoys hiking vacations with her husband, son and daughter.



Nicole Rappe started as a part-time Office Assistant in the Department of Economics in August 2015. She is currently studying at the School of Education for a Masters in Counseling. Before coming to IU, Nicole graduated from the University of Northwestern—St. Paul in Minnesota with a B.S. in Psychology. Post-graduation, in December 2017, Nicole plans to become a mental health counselor, focusing on adolescents and family systems.

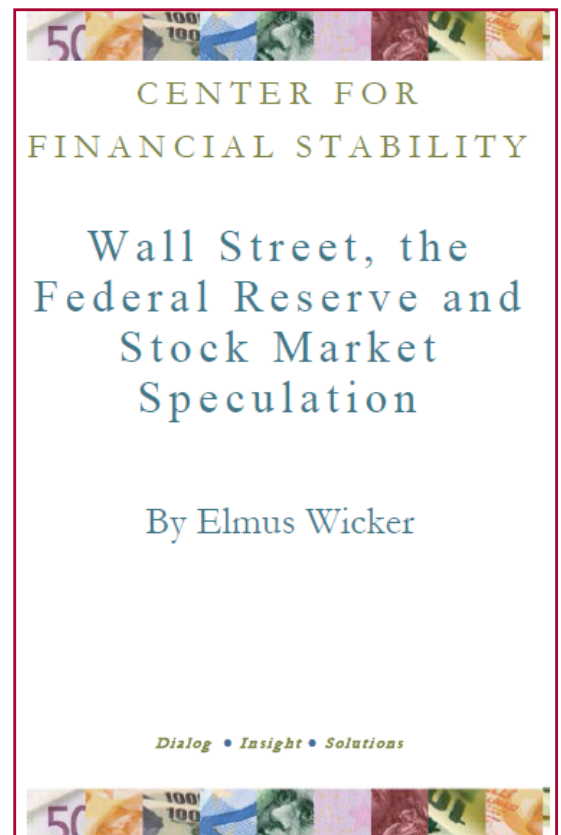
Elmus Wicker's latest monograph published, feted in The Capitol

By Ike Brannon (IU Economics Ph.D.)

In December the Center for Financial Stability, a research institute based in New York City, released Professor Emeritus Elmus Wicker's latest book, *Wall Street, the Federal Reserve and Stock Market Speculation* and celebrated the occasion with a release party held in the ornate hearing room of the Senate Finance Committee in the U.S. Capitol.

In his book Wicker argues that the Federal Reserve learned from its mistakes leading up to the great depression and for the following half-century was vigilant about looking for and popping asset bubbles, but Alan Greenspan largely abandoned that task, reasoning that doing so required the Fed to assume it had more and better information than the market. The result of this abdication of duty, Wicker argues, was the expansion and collapse of the stock market bubble in the late 1990s and the collapse of the housing market and the financial crisis of 2008-2009.

The event featured former Wicker students' James Bullard, currently President of the St. Louis Federal Reserve Bank; and Ike Brannon, an economist in Washington, D.C., who is affiliated with the Center for Financial Stability. IU economics graduate Jordan Wicker, Elmus' grandson, read a letter from Elmus during the event, and Wicker's former Indiana colleague Christopher Waller also delivered remarks on his remarkable colleague and his fecund career.



Cover page of Elmus Wicker's latest book

Around the { Department }

IU Department of Economics Hosts the U.S. Russia Foundation's Improving Economics Instruction Program

By Michael Kaganovich



Participants in the Improving Economics Instruction Program.

The two-week program (October 25 through November 6, 2015) was organized by Michael Kaganovich in collaboration with IU's Russian and East European Institute. It was made possible, for the second year in a row, by a competitively obtained grant from the U.S. Russia Foundation for Economic Advancement and the Rule of Law (USRF), a U.S. non-profit organization with a mission "to support the long-term economic development of Russia's market economy". The program hosted twelve economics instructors from regional universities from across Russia selected by the USRF. The program provided the Russian participants with a comprehensive overview and experience in the teaching curriculum and methodology in economics at IU, which is distinguished by a student-centered approach, significant focus on student-instructor interaction and feedback, and a particular focus on developing conceptual understanding and theory's relevance for applications. It consisted of seminars and discussions conducted by several of our faculty on subjects such as the structure of degree requirements in economics, curricula and teaching methods in introductory and gateway classes of the undergraduate major, classroom technology, and the system of preparation of our Ph.D.

students for their instructional roles. The program also included visitation of numerous classes taught in the department.

The participants as well USRF administration expressed praise for the program and interest in its continuation in future years. The global events that followed soon after the 2015 program's completion appeared to have created obstacles to doing so. In December 2015, the Ministry of Justice of the Russian Federation included the US-Russia Foundation in the list of "undesirable organizations", i.e., foreign funded NGOs whose activity is deemed political. Despite this, there seems to be strong demand for the program to continue. This April, we received two expressions of interest in this regard. First, USRF has officially proposed sponsoring our program to be run directly by Indiana University. Second, a newly formed and domestically funded organization in Russia has recently contacted us to explore the potential to continue the program under their aegis. This willingness to overcome the obstacles to keep our program going seems to suggest that we have been doing something right.

An Eventful Year in the Department

The Department of Economics offered dozens of workshops during the 2015-2016 academic year which were presented in the macroeconomics, microeconomics, econometrics, brown bag, and Center for Applied Economics and Policy Research (CAEPR) workshops. CAEPR also offered several mini courses. You can see the list of speakers, titles of their papers, and paper links at the Conferences and

Workshops link on our website.

In addition to these workshops, the department offered several additional talks intended specifically for our undergraduate students.



Around the { Department }

An Eventful Year in the Department (cont.)

Robert Neus, Diplomat in Residence, U.S. Department of State, shared his knowledge of the large variety of internships and career tracks available through the Foreign Service as well as his experience of the Foreign Service lifestyle during a pizza luncheon. Lunch was followed by small group conversations.

Hans Klemm (Indiana University, B.A., Economics and History; Stanford University, M.A., International Development Policy) discussed his career experience rising from the ranks of the Junior Foreign Service to his current position as the U.S. Ambassador to Romania. In addition to sharing his personal experience in the service, Ambassador Klemm spoke about the selection process for the Foreign Service, the five career tracks available to Foreign Service Officers, the relationship between the U.S. and other countries such as China and Russia, as well as the impact our current foreign policy may have on potential applicants.

Bill Redpath, IU economics class of 1978, is the Vice President of BIA Kelsey, a financial consulting firm in media and telecommunications. He visited the department and gave a talk entitled “The Philosophy of an Economist Entering Politics: Bill Redpath”. He ran as a Libertarian candidate for Virginia’s Tenth Congressional District seat.



Professor Gerhard Glomm invited several speakers, including Liz Oates and Leo Murphy, to his ECON-E 298 Careers in Economics class.

Elizabeth (Liz) Oates (IU, B.A. in Mathematics and Economics; University of Chicago Booth School of Business, M.B.A. with Honors) is Associate Vice President of Corporate Strategy at Royal Caribbean Cruises, Ltd. In addition to speaking about her career at Royal Caribbean, she was instrumental in arranging the spring break Miami trip which you can read about in this newsletter.

Leo Murphy, who manages the Trading Technologies’ TT Campus Connect™ program, also spoke to the Careers in Economics class. Trading Technologies is headquartered in Chicago. You can read about this company, which students toured, in the career development “Field Trip to Chicago” article in this newsletter.



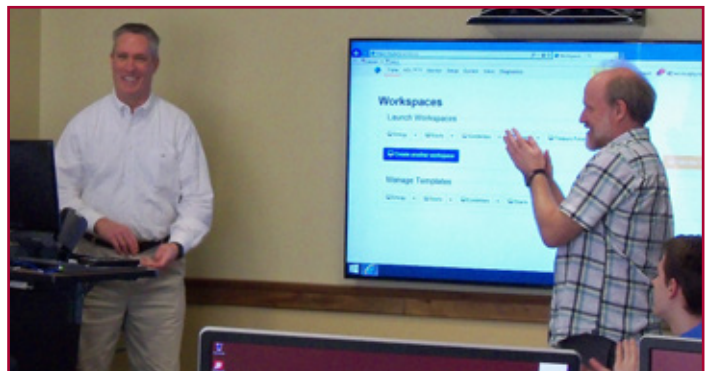
Students who attended lunch with Robert Neus.



Attendees at Ambassador Hans Klemm's career talk.



Liz Oates speaking with Gerhard Glomm's Careers in Economics class.



Thanking Leo Murphy for his career talk.

3rd InsTED Institutions Trade & Economic Development Workshop

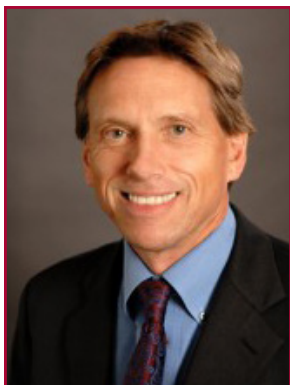


Attendees at the 3rd InsTED Institutions Trade & Economic Development Workshop.

This year Indiana University hosted the 3rd InsTED Institutions Trade & Economic Development Workshop, May 13-15, with sponsorship by the Center for Applied Economics and Policy Research (CAEPR) and the Ostrom Workshop. The InsTED Workshop focused on Advances in the Theory and Empirics of Institutions, Trade and Economic Development. The workshop featured Stephen Yeaple of Penn State and Kishore Gawande of UT-Austin as keynote speakers. **Mostafa Beshkar**, a faculty member in our department whose research and teaching interests center on international trade, was one of the organizers of this workshop.



New Faculty 2016



Dean Lueck is joining the department in fall 2016 as Professor of Economics and Director of the Program on Natural Resources Governance at the Ostrom Workshop at Indiana University. He is also Affiliated Professor at the Maurer School of Law. His areas of research are the economics of contracts and property rights, economic organization, law and economics, and environmental-natural resource economics. He has been a guest lecturer and visiting faculty member at many colleges and universities in the United States and abroad. He has served as John M. Olin Faculty Fellow in Law and Economics at the Yale Law School and as Distinguished Visiting Professor of Law and Economics at the University of Toronto. He is the co-author (with Douglas W. Allen) of *The Nature of the Farm* (MIT Press, 2003) and a contributing co-editor (with Karen Bradshaw) of *Wildfire Policy: Law and Economics Perspectives* (Resources for the Future Press, 2012). He has published numerous articles in such journals as the *American Economic Review*, the *Journal of Law and Economics*, the *Journal of Political Economy*, and the *RAND Journal of Economics*. He was a Lone Mountain Fellow at PERC in August 2015 where he worked on the economics of environmental agencies. His current research projects include the economic behavior of environmental agencies, the economics of land demarcation, and the economics of wildfire management. He is an Academic Affiliate with the economic consulting firm of Compass Lexecon. He earned his Ph.D. in Economics from the University of Washington, his M.S. in Environmental Studies from the University of Montana, and his B.A. in Biology (Magna Cum Laude) from Gonzaga University. Prior to his academic career he was a smokejumper with the U.S. Forest Service in McCall, Idaho.



Ke-Li Xu is joining the department in fall 2016 as Associate Professor of Economics. Dr. Xu's research focuses on econometrics, and he has written on nonparametric and semi-parametric models of volatility and risk, structure change, trends and cointegration, monetary policy, continuous-time diffusions, quantile regression, and discontinuity-based quasi-experimental designs and durations. The main theme of his research is to develop statistical estimation and inference methods for economic models that accommodate features like nonlinearity, heterogeneity and persistency, without imposing strong constraints on the data generating process. Before joining Indiana University Bloomington, Dr. Xu was Associate Professor of Economics and Rothrock Fellow of Liberal Arts at Texas A&M University in College Station, and Assistant Professor of Finance and Management Science and Pearson Fellow and Canadian Utilities Fellow of the School of Business at the University of Alberta. He also held visiting associate professor positions in economics at Yale University and the University of Texas at Austin. Dr. Xu obtained his Ph.D. at Yale University in 2007, and received pre-doctoral education in China, with M.S. and B.S. degrees from the University of Science and Technology of China and Wuhan University.

Faculty Honors

Lee Alston has been serving as President of the Economic History Association since September 2015. His research interests include the roles of institutions, beliefs and contracts in shaping economic and political outcomes in the United States and Latin America.

Edward Buffie received an award from the International Monetary Fund for being part of a team that did outstanding research on public investment and debt sustainability in less developed countries.

The department is pleased to announce that **Bulent Guler** received tenure. Professor Guler joined our faculty as an assistant professor in 2009 and received the Ph.D. in economics from the University of Texas at Austin in May 2009. His research interests include the macroeconomics of housing markets and labor markets.



Faculty { News }

Michael Alexeev and co-author Yao-Yu Chih (Ph.D., IU, 2013) published “Social Network Structure and Status Competition,” *Canadian Journal of Economics*, 48(1), (2015), 64-82. Professor Alexeev gave an invited talk, “Fiscal decentralization and budget discipline in Russia’s regions,” at the European Bank for Reconstruction and Development in London.

Lee Alston co-authored “Towards a More Evolutionary Theory of Property Rights,” *Iowa Law Review*, 100(6), (2015), 2255-73. Professor Alston gave an invited keynote address, “Where the Paths Intersect: The NIE and Economic History,” at the New Institutional Economics and Economic History (NIEEH) conference at the University of Wisconsin-La Crosse.

Robert Becker and co-authors published “Ramsey Equilibrium with Liberal Borrowing,” *Journal of Mathematical Economics, Special Section on Financial Frictions and Debt Constraints*, 61, (2015), 296-304. “On Existence, Efficiency, and Bubbles of Ramsey Equilibrium with Borrowing Constraints,” joint with co-authors, was published in *Economic Theory*, 58(2), (2015), 329-353. Professor Becker was invited to present his co-authored research at the Conference on Financial and Real Interdependencies: Volatility, Inequality and Economic

Policies at Catholic University in Lisbon, Portugal.

Mostafa Beshkar co-authored the lead article, “Tariff Binding and Overhang: Theory and Evidence,” *Journal of International Economics*, 97, (2015), 1-13. Professor Beshkar gave an invited co-authored presentation, “Estimating a Model of Settlement Bargaining in the World Trade Organization” at the CESifo Venice Summer Institute: The World Trade Organization and Economic Development.

Edward Buffie and co-author Manoj Atolia (Ph.D., IU, 2004) have a forthcoming article, “Fiscal Adjustment and Inflation Targeting in Less Developed Countries,” in *Journal of Money, Credit and Banking*.

Mary Elizabeth Camp authored *Statistical Analysis for Business and Economics*, a multimedia publication, published by Great River Technologies, 2015.

Yoosoon Chang co-authored “Evaluating Factor Pricing Models Using High Frequency Panels,” which is forthcoming in *Quantitative Economics*. One of her co-authors is Yongok Choi, Ph.D., IU, 2012. Professor Chang presented several invited papers including “Econometric Analysis of Continuous Time Asset

Pricing Models” at the Financial Econometrics Conference, Toulouse School of Economics, in Toulouse, France and “Regime Switching Model with Endogenous Autoregressive Latent Factor” at the 12th Chinese Women Economists International Workshop, Renmin University in Beijing, China.

Juan Carlos Escanciano has several forthcoming articles including co-authored “Identification and Estimation of Semiparametric Two Step Models” to be published in *Quantitative Economics* and “Backtesting Expected Shortfall: Accounting for Tail Risk,” with Zaichao Du (Ph.D., IU, 2010) which will be published in *Management Science*. Professor Escanciano gave an invited talk at the 1st Annual UWO Conference on Financial Econometrics and Risk Management at Western University in London, Ontario, Canada.

Filomena Garcia co-authored “Technology Adoption: Hysteresis and Absence of Lock-In,” which is forthcoming in *Economics Letters*. She presented a co-authored paper, “Patents as Collateral Bank Finance of Start-Up Innovation” at the Society for the Advancement of Economic Theory Conference at the University of Cambridge, UK.





Gerhard Glomm and co-author Juergen Jung (Ph.D., IU, 2008) published “A Macroeconomic Analysis of Energy Subsidies in a Small Open Economy,” *Economic Inquiry*, 53(4), (2015), 1783-1806. Professor Glomm has been meeting with an undergraduate economics major to establish groups for undergraduate research possibilities for our majors outside of the official curriculum. He is largely in an advisory role in this student-driven initiative.

Grey Gordon authored “Evaluating Default Policy: The Business Cycle Matters,” which was published in *Quantitative Economics*, 6(3), (2015), 795-823. He co-authored “Nonlinear Adventures at the Zero Lower Bound,” *Journal of Economic Dynamics and Control*, 57(C), (2015), 182-204. Professor Gordon gave an invited talk, “Optimal Bankruptcy Code: A Fresh Start for Some,” at Purdue University.

Paul Graf attended the 5th Annual National Economics Teaching Conference in Minneapolis which was hosted by the American Economic Associations Committee on Economic Education.

Bulent Guler co-authored “Price Search, Consumption Inequality, and Expenditure Inequality Over the Life Cycle” which he presented at the 11th World Congress of the Econometric

Society in Montréal. Professor Guler also presented a co-authored paper “Deterioration of Bank Balances and the Housing Crisis” at the Midwest Macro Meetings in Rochester.

Juan Carlos Hatchondo co-authored “Mortgage Defaults” published in the *Journal of Monetary Economics*, 76, (2015), 173-190. Professor Hatchondo presented co-authored research at the NBER and the World Congress of the Econometric Society.

Michael Kaganovich attended the 2015 Meetings of the Association for Public Economic Theory in Luxembourg where his co-author presented their paper. Professor Kaganovich planned, organized, and directed (in collaboration with the IU Russian and East European Institute) the second “Improving Economics Instruction” program. You can read about this program in more detail in this newsletter.

Ahmad Lashkaripour authored “Beyond Gravity: The Composition of Multilateral Trade Flows,” Center for Applied Economics and Policy Research (CAEPR), Working Paper No. 2015-006. Professor Lashkaripour presented “Product Differentiation and the Composition of Trade Across Dissimilar Nations” at the UECE Lisbon Meetings in Game Theory and Applications. He also presented a

paper at the 11th World Congress of the Econometric Society in Montréal.

Eric Leeper was invited to present a paper at the Jackson Hole Symposium, an annual meeting, sponsored by the Federal Reserve Bank of Kansas City, where academics, policymakers, and practitioners meet to discuss the latest developments in monetary economics and monetary policy. Professor Leeper’s paper, “The Myth of Normal: The Bumpy Story of Inflation and Monetary Policy,” is forthcoming in *Federal Reserve Bank of Kansas City Economic Conference Proceedings, 2015 Jackson Hole Symposium*. He gave the keynote talk, “Why is Fiscal Analysis So Darn Hard,” to the conference on “Rethinking Fiscal Policy After the Crisis” organized by the Slovakian Council for Fiscal Responsibility which was held in Bratislava. Professor Leeper presented co-authored research, “Clearing Up the Fiscal Multiplier Morass,” at the Belgium National Bank in Brussels.

Volodymyr Lugovskyy and co-authors Sascha Bagestanian (Ph.D., IU, 2013) and Daniela Puzzello published “Traders’ Heterogeneity and Bubble-Crash Patterns in Experimental Asset Markets,” in the *Journal of Economic Behavior and Organization*, 117, (2015), 82-101.

(continued)

Emerson Melo co-authored “Bounding Causal Effects in Ecological Inference Problems,” which has been accepted by *Political Science Research and Methods*.

Amanda Michaud co-authored “Safe Occupations are Growing” which appeared in *Economic Synopses*, 11, (2015). She gave invited talks at the Bureau of Labor Statistics and the Federal Reserve Banks of Atlanta and Kansas City. Professor Michaud developed a new course, Computational Methods in Macroeconomics, for undergraduates.

Peter Olson developed and taught “Race With—or Against—the Machine,” an investigation of the substitutability/complementarity issue between human labor and rapidly-evolving digital technologies. This was a College of Arts and Sciences Themester course. The Themester topic was Work: The Nature of Labor on a Changing Planet.

Frank Page developed and presented a mini-course on network formation games at the Systemic Risk Centre at the London School of Economics. He gave several invited talks and invited papers including a co-authored paper with Carol Gong (IU Ph.D. student), “Incentive Compatible Networks and the Delegated Networking Principle,” at the Society for the Advancement of Economic Theory Conference at Cambridge University.

Joon Park co-authored “Does Ambiguity Matter? Estimating Asset Pricing Models with a Multiple-Priors Recursive Utility” published in the *Journal of Financial Economics*, 115, (2015), 361-382. Another co-authored paper entitled “Testing for a Unit Root against Transitional Autoregressive Models” is forthcoming in *International Economic Review*. Professor Park was invited to visit Toulouse School of Economics where he presented

“Understanding Regressions with Observations Collected at High Frequency over Long Span.” He also presented this research at Banco de Portugal and Universidade Nova de Lisboa.

Daniela Puzzello and co-authors Sascha Bagestianian (Ph.D., IU, 2013) and Volodymyr Lugovskyy published “Traders’ Heterogeneity and Bubble-Crash Patterns in Experimental Asset Markets,” in the *Journal of Economic Behavior and Organization*, 117, (2015), 82-101. Professor Puzzello presented papers at invited talks at SITE-Stockholm School of Economics and Sveriges Riksbank.

James Self co-authored “The Distributional Efficacy of Collaborative Learning on Student Outcomes” published in *The American Economist*, 60(2), (2015), 98-119.

Gustavo Torrens was a Lecturer and presented an invited paper “The Political Economy of Trade and Labor Mobility in a Ricardian World” at the 16th Trento Summer School. He was a Session Organizer for the Session in Political Economy at the UECE Lisbon Meetings in Game Theory and Applications and also presented a paper.

James Walker co-authored “The Opportunity Costs of Conservation with Deterministic and Probabilistic Degradation Externalities” which was accepted at *Environmental and Resource Economics*. Professor Walker presented “Externalities in Appropriation: Responses to Probabilistic Losses” at Williams College.

Todd Walker and co-author Sascha Bagestianian (Ph.D., IU, 2013) published “Anchoring in Experimental Asset Markets” in the *Journal of Economic Behavior & Organization*, 116, (2015), 15-25. Professor Walker has several forthcoming co-authored

articles including “Taking Financial Frictions to the Data” in the *Journal of Economic Dynamics and Control*, with Hyunduk Suh (Ph.D., IU, 2013). Professor Walker was a Visiting Scholar at Bundesbank.

Stefan Weiergraeber presented a paper at University of Manchester, Compass Lexecon (London), University of Waterloo and Bank of Canada.

Ruli Xiao co-authored “A Simple Estimator for Dynamic Models with Serially Correlated Unobservables” which has been accepted by the *Journal of Econometric Methods*.



Looking back ... Nicolas Spulber Remembered

Nicolas Spulber joined the Department of Economics in 1954 and was appointed Distinguished Professor in 1974. A prolific author, he published or edited more than 20 books. Although he retired in 1980, he continued to work every day in his office in Wylie Hall. Indeed, six major books were written during his retirement. Professor Spulber died in 2004.

Born in Romania, Distinguished Professor Emeritus Nicolas Spulber received special honors from his birthplace. Here are some quotes from the Fall 2002 Trendline article entitled "Professor honored by his homeland". "The government of Romania and the highest academic institutions there decided in May 2002 to pay special homage to Spulber. He was invited to Romania as a great American economist of Romanian origin. In May, Spulber was decorated by Romania's President Ion Iliescu with the country's Order of Merit at the rank of commander. Soon afterward, the National Romanian School of Political Science and Administration awarded him the title Doctor Honors Causa, and the National Academy of Economics presented him with the Diploma of Excellence in the discipline. Spulber, received by the highest Romanian academic intellectual strata, was deeply moved and gratified by Romania's generous recognition of his work."

As you will read in the following three articles, Nicolas Spulber is fondly remembered by his colleague, Professor Robert Becker; a doctoral student and co-author, Dean and Professor Asghar Sabbaghi; and a master's student, Mitikou Wordofa.

Nicolas Spulber Remembered

By Robert Becker

I met Nick Spulber during my campus interview for an assistant professor position in February 1976. He asked great questions at my job talk. After moving to Bloomington we began the first of many conversations and lunches that grew from mentorship to friendship. Nick could read referee reports on my papers and decipher the sometimes mysterious reviewer commentaries.



*Robert Becker
Professor of Economics
Indiana University*

He supported my mathematical economics class—eventually requiring his thesis students to take my advanced doctoral classes and he taught me how to supervise dissertations via membership on his students' committees.

Nick was foremost a great scholar with an extended worldly experience—the flight from a fascist Romania in 1935, survival in pre-war France as a journalist, his wartime experience in the Resistance and narrow escapes from his Nazi pursuers. His wartime experience undoubtedly shaped his wonderment that he could work in his office at Indiana University and never be at risk for arrest or political retribution. He was an ardent anti-communist and an important figure in understanding the Soviet Union's economy during the height of the Cold War and through its ultimate demise. Indeed, he worked hard on his book about the Soviet Union's transformation during the Gorbachov era's reform movement. His pace and focus were conditioned on a desire to complete that project before Gorbachov fell from power. Nick succeeded on doing so by a matter of months.



Distinguished Professor Emeritus Nicolas Spulber

(continued)

Faculty { Remembrance }

Nick's newspaper background and quick mind shaped his ability to analyze international and national problems both in economic policy and political matters. I always enjoyed our frequent lunch periods where the news of the day, the arts and life in the academy were daily conversational staples. I will never forget a lunch with Nick and Bob Byrnes (IU History Department) where we discussed the instability of the Soviet Union. Nick argued that the communist system was unstable and predicted its ultimate collapse and the breaking apart of the Soviet empire. This came to pass and history proved Nick correct. He also predicted the rise of Al Qaeda by following the news about U.S. support for the Afghan forces fighting for their country against their Soviet invaders. There were many such predictions, great and small. He had a brilliant analytical mind capable of rapidly assimilating facts and making connections between them that surely most other analysts routinely missed. My education on these fronts turned out to be the most surprising bonus from working at IU.

There were other benefits from frequent lunch meetings. I met faculty from many other disciplines including the late Matei Calinescu (Comparative Literature) and a newly arrived mathematician in 1979 named Ciprian Foias (later a Distinguished Professor of Mathematics). This Romanian connection proved important personally and professionally. The professional benefit turned out to be a long-term collaboration with Ciprian that resulted in several joint papers in leading economic theory journals. I doubt our paths would have otherwise

crossed if it had not been for Nick playing the role of facilitator and connector. We dedicated our 1994 *Economic Theory* paper to Nick for this reason.

IU's 18-20 plan retirement incentives induced Nick to "retire" in 1980. All this really meant was that he stopped teaching classes. And, he read his beloved *New York Times* in the morning instead of the late afternoon as his private reward for writing several pages on his latest book project. As Distinguished Professor Emeritus he was entitled to office space which he maintained almost to the end of his life. Nick worked every day. He was always available for consultation with anyone who sought his advice. Mostly, I recall how his interest in writing books became his primary research activity. He was bold in choosing new topics, such as the alleged decline of America's economy in the early 1990s. He had a well-reasoned view that was completely at odds with the then conventional wisdom. Once again, Nick turned out to be correct. My own book project drew heavily on the lessons I absorbed from Nick's experience in preparing research monographs.

Nick had a model for how to undertake new projects and change research topics. I have used it successfully in my own research as well as teaching. Before he retired it took about four years to produce a book. Once he retired he easily got the production time to two years. And, by the time his final illness took hold he had reduced his production period to less than a year. A remarkable achievement by any standard. His changes in focus were amazing as he went from the Russian economy, to America's economic problems, and water resource management (with his former doctoral student Asghar Sabbaghi).

I owe much of my career

success to the many lessons I learned from Nick about how the profession and university operate. How research works. Never be afraid to change directions and ask hard questions. Be contrary to what's popular. Write books to break through the constraints of club-like journal editors who sometimes seem more intent on entry prevention than advancement of science. Exploit the creation of new journals, or the appointment of a new journal editor who might be willing to change a journal's course and seek fresh authors.

My memories of Nick, what he meant to me both personally and professionally, remain fresh. I continue to draw on the lessons he taught me. Nick regarded economics as a discipline requiring a personal dedication to hard work and commitment. The joy of research and discovery were ever present in our discussions. I strive to carry on my career in the same manner as my mentor, and friend, taught me.

Reflection on my friendship with Professor Spulber

By Asghar Sabbaghi

My interactions and friendship with Professor Nicolas (Nick) Spulber started during my time at Indiana University Bloomington. I began my doctoral studies in the Department of Economics in fall 1978, and consider myself fortunate for having the opportunity to take Nick's "Quantitative Economic Policy and Planning" course in fall 1979, during the final year of his formal teaching. In this course, Nick expected his students to read external source material and critically review selected articles in advance as preparation for stimulating class discussions. This course was an extremely enjoyable, enlightening, and exciting experience. I naturally reached out to Nick later in the semester to request that he serve on my Dissertation Committee. At that time I

"My memories of Nick, what he meant to me both personally and professionally, remain fresh. I continue to draw on the lessons he taught me."

Faculty { Remembrance }



*Asghar Sabbaghi, Dean and Professor
Graham School of Management, Saint
Xavier University*

was passionate about the economics of water resources, specifically, modeling of quantity and quality management to enable effective and efficient allocation processes, particularly within a regulatory environment. After preliminary studies and conversations with Nick on this topic, he not only agreed to serve on my committee, but also to chair it.

Nick was a remarkable mentor in this initial stage of my scholarly life. His dedication, encouragement, advice, high expectations, and genuine care enabled me to discover and cultivate my own research potential and capabilities. As may be attested to by others, Nick was available from 8 a.m. to 5 p.m. every day during the week, and was very generous with his time. I especially value his meeting with me to share his knowledge, and provide constructive reviews and inspiring comments on my proposals and work.

“I am blessed to
have received Nick’s
beneficial influence
throughout the course
of my academic life.”

This feature of Nick’s life continued even after his retirement, and I felt welcome to consult with him after graduation. Nick was always energetic and excited about research, and continued to work with and inspire his colleagues until the last days of his life.

I completed and defended my dissertation within three years, and hoped to return to my native country of Iran and to continue as a professor at Tehran University, the premier university not only in Iran but in all the OIC countries. However, I was unable to do so because of the closure of universities during the Iranian Cultural Revolution. Consequently, I accepted a temporary faculty position at Indiana University South Bend in 1982 and started my long journey in academia, which culminated in 2014 with my appointment as Dean of the Graham School of Management at St. Xavier University in Chicago, Illinois. I credit my success in this journey to Nick’s continued mentorship after my graduation. For example, Nick advised me to expand on my dissertation and publish a number of research articles in associated areas. He also encouraged me to undertake a joint research effort with him in water resource management, the result of which was the publication of our book *Economics of Water Resources: From Regulation to Privatization* in 1994. Nick was an amazing collaborator, and I fondly look back at our stimulating conversations about research and consulting about various projects.

Nick continued to motivate my work in this new research frontier. Our book was well-received in the academic and professional communities, and when the publisher expressed strong interest in the second edition, Nick encouraged me to critically review our entire framework. His encouragement led me to adopt a novel perspective on the entire economic management of water resources, and corresponding policy issues, as well as to change the layout and major portions of the content. The second edition of our book was

published in 1998, and the continued interest in our work led to its Chinese translation and publication in 2010.

I am blessed to have received Nick’s beneficial influence throughout the course of my academic life. His wisdom and mentorship during my time as his Ph.D. student gave me a strong foundation for academia. Nick’s continued encouragement and inspiration as a co-author and colleague directly fostered my growth and success as a professor at Indiana University South Bend, and now as Dean at St. Xavier University. We kept in contact up until his passing away in 2004. In fact, Nick would send me signed copies of his books, and I have placed them all on my office book shelf. In his final book, *Russia’s Economic Transitions: From Late Tsarism to the New Millennium*, he wrote: “For Asghar Sabbaghi, with esteem and friendship, 9/8/03”. I truly value Professor Nicolas Spulber’s priceless esteem, and the rewarding experience of being his friend.

Remembering the Distinguished Professor Nicolas Spulber

By Mitikou Wordofa

It is about 12 years now since the beloved Professor Nicolas Spulber passed away.

I first met him in 1968 when I was enrolled as a graduate student in the Department of Economics at Indiana University. As I write the following recollection of him, I get so emotional as I realize that he is no longer with us. He was one of those people who had a tremendous positive influence in my life.

When I first registered for his class, I had little knowledge of him as I did not know who he was. My relationship with him as a graduate student began after I submitted a term paper to him on the subject of input/output

(continued)

Faculty { Remembrance }



Mitikou Wordofa was a Master's student when he met Professor Spulber 48 years ago.

analysis and its application in Soviet economic planning. I guess he was so much impressed by my paper as he gave me an "A" for the paper and the final grade for the course. Afterwards, he was kind enough to invite me to come to his office to discuss with him my future interest in development economics and how he could best help me achieve my goals. A few days later, when I met him in his private office, I was further impressed by his kindness and how humble and loving he was as he expressed to me his willingness to share with me his deep knowledge of economic policymaking, particularly as it relates to the economic problems of developing countries.

Subsequently one thing led to

another and I developed closer contact with him as I went to his office often to discuss world events and the numerous turmoils of the late sixties. In one of our informal discussions, he told me that he had immigrated to the United States in the late forties and he was born in Romania. When I told him where I came from, our discussion shifted to political and economic issues related to the role of the educated elite in shaping the destiny of this world, particularly in countries where the human rights of the people are suppressed by brutal dictatorship like the crumbled Soviet Union.

Within this context, Professor Spulber was more than wise enough to inspire me on how to become successful in life and how to always try to leave this world, when the times comes, in a much better position than I found it. That inspiration has stuck in my mind ever since I met him and I am still so grateful for his advice.

Although I have now faint sweet memories of him, I remember distinctly what he often used to say to me. In spite of the fact that we all immigrated from different countries, Professor Spulber taught me to think of the world as my country; to do good to my fellow human beings; and to listen to my mind when confronted with the challenging issues of life. At that time, this was really deep for a young student like me.

However, as a result of following his unforgettable advice, later on in my life, I became a successful

"However, in a nutshell, I can say in no uncertain terms that Professor Spulber was an unforgettable intellectual of the highest caliber."

family man and an international civil servant who travelled world-wide on various professional and official engagements, acquired global exposure to international economic issues which resulted in becoming a Senior Advisor and Consultant to the United Nations and its specialized agencies such as the United Nations Development Programme (UNDP) and the United Nations Economic Commission for Africa (UNECA).

Although I could give more testimonials about the humble and gentle nature of Professor Spulber, in the end, I believe his distinguished academic achievements speak for themselves. However, in a nutshell, I can say in no uncertain terms that Professor Spulber was an unforgettable intellectual of the highest caliber. Within this context, I think it is high time to erect a tall bronze statue of him on the campus of Indiana University as a token of recognition of his distinguished academic contributions and his outstanding role in uplifting the status of Indiana University in the academic world.

In the meantime, may he rest in peace.



Undergraduate Student { News }

Undergraduate interns (UGIs) play an integral part in the teaching mission of the Department of Economics. Usually about 25 UGIs are chosen each semester to perform a variety of teaching-related functions for faculty who teach ECON-E 201 Introduction to Microeconomics, ECON-E 202 Introduction to Macroeconomics, and ECON-E 370 Statistical Analysis for Business & Economics. Their work involves a combination of grading and student contact. We asked Joe Topp to write about his experience as a UGI.

My UGI Experience

by Joe Topp

Many undergraduates face a choice: do we spend our time paying for our education, enjoying our undergraduate experience, or preparing for our future careers? I'm lucky to have found a way to do all three. I've been working as an undergraduate intern (UGI) in the Department of Economics for four semesters now, and I am pleased to say that what I thought would be just a job has turned out to be fun and fulfilling as well. I've graded homework, led discussion sections, held office hours, given review sessions, and even substitute taught sometimes. The benefits of this kind of work experience are clear: nothing fills out a resume like a good internship. However, I'd like to highlight two side effects of my UGI career that may not be quite as obvious: the connections I've made and the economics I've learned.

"I've been working as an undergraduate intern (UGI) in the Department of Economics for four semesters now, and I am pleased to say that what I thought would be just a job has turned out to be fun and fulfilling as well."

Being a UGI has given me the opportunity to meet a lot of people. I'm always running into former students around campus and reminiscing with them about past classes, and the entire econ department is full of familiar faces. For one thing, I still keep in touch with many of my fellow UGI's—working together to manage a class of three hundred is definitely a bonding experience. Being a UGI also helped me get to know the economics faculty better as well, which is very valuable for a senior looking for letters of recommendation. (It turns out that econ faculty are also a fun group of people to be around. Who knew?) Meeting and working with new people is one of the things that has made my time as a UGI so enjoyable.

Another side effect of being a UGI is that you learn a lot. Economics can be a hard subject to learn, and one of the best ways to do it is by teaching. If you think you know what the substitution effect is, wait until you try to explain it to twenty of your peers. If you do that, you know you've really got it down. Working as a UGI is a great way to solidify your basic economics knowledge, which is especially important for anyone who wants to take higher level classes or apply to graduate school.

Overall, my UGI experience has been enriching both personally and professionally. I've made valuable connections, gained teaching experience, augmented my economics knowledge, and made great friends in the process. All that, *and* I get paid? My only regret is that I didn't start sooner.

Career Development Field Trips

This past academic year Gerhard Glomm organized and led two career development field trips. During the fall 2015 semester a group of economics and math majors traveled to Chicago and in the spring 2016 semester a group of undergraduate students spent several days in Miami during spring break. These trips provide excellent opportunities for our students to network with alumni at student-alumni mixers, visit companies with IU connections, as well as attend cultural events. Several students have written about these experiences.

Field Trip to Chicago

by Noah Katz and Kevin O'Neill, Senior Economics Majors

Recently, a small group of math and economics students took part in a career development field trip to Chicago, IL. The trip was led by Professors Gerhard Glomm and Kevin Pilgrim. We are thankful for their effort in organizing this trip.

The first night we attended a student-alumni mixer. Here, many local alumni took the time to chat, give career advice and connect with us. Professor Glomm also gave a brief lecture on the economic situation of the middle class. After this, we were given a chance to explore downtown Chicago.

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Undergraduate Student { News }

The next morning, we walked to Trading Technologies, a company that specializes in trading software and has a strong relationship with IU. We enjoyed a brief tour of the facilities and a presentation on their latest products. After lunch, we participated in two career panels, which featured successful IU graduates from various industries and stages in their careers. Following dinner, we attended the dramatic and intriguing play *East of Eden* at the Steppenwolf Theater. The last day, we went to Alliance Française to view the photography of another IU alum, Greg Regnier.

We really enjoyed getting to know the other students and professors on the trip, as well as meeting IU alumni. Specifically, we believe the panel discussions provided great insights and unique perspectives on careers. They spoke about making good academic and professional decisions, interviewing skills, and sharing advice on achieving career goals. They also spoke about how they overcame obstacles in their careers. The broad spectrum of panelists gave us an idea of what kind of jobs were out there, and what kind of education is needed to pursue them.

This trip provided us with great networking opportunities and we appreciated meeting alumni who were excited to help current students succeed. The knowledge we gained will certainly prove invaluable.

Trading Technologies Visit

By Chandler Inman and Arthur Robinson

In fall of 2015, students from the economics and math departments visited Trading Technologies in downtown Chicago. A veritable bastion of innovation in the world of trading, their client list includes some of the largest names in the corporate world, and it was easy to see why.

Leo Murphy took us on a tour, and after sitting in on a software presentation in their game room, we headed down to their cafeteria. The environment was surprisingly casual.

With pool tables, a bar, and multiple TVs, the company was clearly trying to break away from that stereotypical dull, grey environment normally associated with business. That easy-going attitude doesn't get in the way of results. The walls were covered by metal placards with their numerous software patents.

We were treated to a presentation of their latest software, X-Trader. This extremely functional and innovative program allows the trader to automate his buying and selling through a process of creating literal "connections" to action "boxes" on a screen. The program allows the trader to arrange this automated process strategically, by forcing the software to only buy or sell when certain price signals are detected. To automate these tasks conventionally would require several thousand lines of code. Equally impressive was the fact that all of their applications were synced, so a trade on your phone would be recorded in a log on your computer. It appeared to be the epitome of what can be achieved when modern technology is applied to the financial markets.

After the tour was finished, and we were heading out, he gave us one last piece of wisdom, "Watch student loans."



Students visit Trading Technologies.

Our Cultural Experience in Chicago

By Michael Gustafson

During our visit to Chicago, we had the pleasure of meeting esteemed photographer Greg Regnier at the Alliance Française de Chicago. During our time with Mr. Regnier he shared a few items from his personal collection. Included in his display were both underwater and above-ground photographs which were taken in a myriad of locales ranging from Madagascar to Indonesia and beyond. These fantastic shots captured the beauty of a rainforest, the exquisite nature of coral reefs, and the vast variation within the animal kingdom. Through advanced technique and expert manipulation of his equipment, Regnier was able to capture the beauty of his surroundings. Beyond taking photographs, Greg enjoys diving and traveling, and has ambitions to explore and document several notable wrecks in the Great Lakes. Greg's expertise extends to envelope not only photography, but diving of all types as well. He enjoys instructing both novice and veteran divers alike, and loves to see them

improve. Greg Regnier truly is a spectacular individual with spectacular tales that help bring his work to life.

Spring Break Miami Trip March 13, 2016 – March 15, 2016

By Thomas Collis, Class of 2017

The IU Department of Economics took education beyond the classroom during the 2016 spring break trip. The Miami Career Trek Program gave a group of undergraduate students the opportunity to connect with IU alumni, network with professionals, and gain exposure to a variety of major industries in the culturally diverse and economically dynamic environment of Miami, Florida.

The three-day program was organized by Dr. Gerhard Glomm in collaboration with Laura Fonseca of the Arts + Sciences Career Center. The program was sponsored by IU Alumni of South Florida and hosted experts from a wide range of career fields including financial services, consulting, marketing, law, and entrepreneurship. It involved a series of cultural events, company tours and overviews, a student-alumni mixer, and interactive professional panels.

The program kicked off with a Welcome Dinner, followed by a team-bonding workshop hosted by The Sol e Lua School of Capoeira, an organization dedicated to training participants in the Brazilian martial art of Capoeira. The workshop offered students an enriching lesson on the history of the martial art and the music and dance that accompanies it, as well as the broader influence that Latin American culture has had on Miami's diverse community.

The next morning, the group attended a company overview session of Royal Caribbean Cruises Ltd. presented by Michael Goldner, the company's Vice President of Revenue Management. Mr. Goldner provided the students with insights into the highly competitive and dynamic environment of the cruise line market, and gave them a glimpse into some of the strategies he's employed in overseeing the revenue channels of the world's largest cruise company. That afternoon, the group traveled to Fort Lauderdale, Florida to tour one of Royal Caribbean's most luxurious cruise lines, The Celebrity Equinox, experiencing firsthand what revenue and operational management for Royal Caribbean Ltd. looks like in practice.



An interactive professional panel during the Miami spring break trip.



Greg Regnier exhibits an underwater photograph.

After arriving back in Miami, students were given the chance to connect with IU alumni over some beverages and hors d'oeuvres at the student-alumni mixer hosted by Marion, a charming Mediterranean café and restaurant in the financial district of Brickell. Dr. Glomm concluded the evening with a seminar and discussion on income inequality, during which both students and alumni exchanged ideas and provided feedback.

The final day of the program involved a series of interactive professional panels that took place at Burger King Corporation's Miami Headquarters. The overarching theme of the first panel was employability, in which the

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first group of panelists emphasized the advantage that flexibility and versatility have on overspecialization in the job market. Dr. Hugo Hervitz, Executive Director of Forum-Nexus Study Abroad and an IU alumnus, discussed the role of “International IQ” in employability, and how critical it is to develop an awareness of foreign cultures, geography, and linguistics in today’s highly globalized and interconnected economic environment. Another panelist, Rahul Ketkar, has held positions in health care, investment banking, and consulting and is currently the Vice President of Marketing for Burger King’s Corporate Office. Among other things, Mr. Ketkar attributes this dynamic career path to a skill he calls “structural problem-solving”—a skill he claims is crucial for young students who want to gain an advantage in their career search.

Entrepreneurship was the overarching theme of the second panel, which hosted enterprisers in finance, startup labs, men’s fashion, and human resources. These enterprisers stressed the importance of establishing and maintaining a strong professional network and, moreover, actively seeking valuable markets with large upside potential. Greg Sugar, an IU alumnus, did just that as he pursued e-commerce as the platform for his multimillion-dollar online men’s clothing line, The Tie Bar, circa 2004. Seeing value in online retailing and executing his price-competitive business model before e-commerce was the norm allowed Mr. Sugar to dominate competitors and allowed his business to thrive in the midst of the 2008 financial crisis. His experiences, along with those of the rest of the panel, helped demonstrate exemplary practices for young aspiring entrepreneurs.

Student Impressions

From the comfort zone shattering cultural experiences to meeting with successful Indiana University alumni, the trip down to Miami was an incredibly valuable one. As an aspiring entrepreneur and businessman, I found particularly of interest hearing the panelist on Tuesday discuss the roundabout paths which they took to success. The panelists emphasized the necessity of taking advantage of opportunities when they are presented, and for me this philosophy is the biggest takeaway from this trip. - *Simon Willard, Class of 2017*

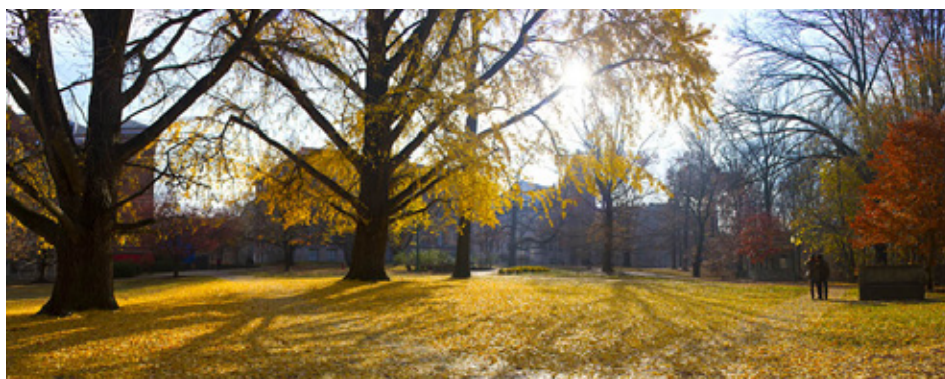
The aspect of the trip that I appreciated the most was the variety of career paths and areas of study that were represented by the alumni, even though they all had connections to the study of economics. This really helped me visualize the multitude of directions in which I can choose to steer my career with my economics major from IU. I appreciated the advice from many of the alumni, and I especially enjoyed talking with Dr. Hugo Hervitz. He was one of the guests whose field fit my area of interest very well, and he encouraged me to continue with my education beyond a bachelor’s degree and consider a career in academia, which now is more interesting to me. - *Karis Neufeld, Class of 2018*

During the Miami trip, I liked the culture event that we went on the first day. It is great to know and participate in a different regional culture event of America. Also, it was really a great, fun and quick way to know our peers on the first day. Also I enjoyed visiting Royal Caribbean. It gave me an inside view of what the work environment would be and helped me understand more about what the revenue job looks like. It was also really great to know the alumni; they are really nice and friendly. They shared their great and unique career stories with us and talked with us about the careers we’re interested in the future and what would be useful in the work. - *Liuchang Dong, Class of 2015*

Invitation to participate in one of our upcoming field trips

By Gerhard Glomm

The Department of Economics will organize two field trips: one to Cincinnati, Ohio on September 22-24, 2016 and one to New York City on March 12-14, 2017. The purposes of these field trips are to bridge the gap between the classroom and careers and to establish better relations between students, alumni, and the Department of Economics. The program of these trips typically involves visits to local companies, career panels, student-alumni mixers, and some cultural events such as visits to the local art museum or a play. If you would like to participate in one of these trips, meet our students and share your story and your experience, please email me at gglomm@indiana.edu.



Undergraduate Student { News }

Honors and Awards 2015-2016

Wells Scholars

Jonathan Barnes

Elected to Phi Beta Kappa in fall 2015

Benjamin Diamond
Kaylie Hall
Ashley Heller
Matthew Hinshaw
Joel Kugelman
Garrett Scott
Emma Sperry
Alexander Rangazas
Casey Vaughn
Erik Hanson
Jacklynn Bansbach
Austin Patterson

Elected to Phi Beta Kappa in spring 2016

Stephen Rangazas
Brian Reinbold
Cody Vaughn
Adrian Wolanski

Carrington Scholarship

Anne Broach
Christopher Meulbroek
Emma Sperry

James E. Moffat Outstanding Senior Award

Colleen McNeely

Carroll Christenson Award

Benjamin Diamond

James E. Moffat Scholarship Recognition Award

Michael Bolton
Megan Burge
Jonathan Burns
Matthew Davis
Kaylie Hall
Erik Hanson
Matthew Hinshaw
Sang Yun Lee
Austin Patterson
Stewart Rivers
MacKenzie Shumsky

Joseph Topp
Casey Vaughn
Simon Willard
Adrian Wolanski

Economics Distinguished Scholar Award

Andrew Hussung
Junghoon Lee
Alexander Raganzas
Brian Reinbold
Garrett Scott

Mr. & Mrs. Harold E. Strow Award

Bernard Riedford

Jordan River Conference Undergraduate Student Paper Award

Simon Willard

Congratulations to all of our undergraduate student award winners!



James (Jimmy) Walker, Director of Undergraduate Studies, (1st row, 2nd from left) and Gerhard Glomm, Chair, (2nd row, 3rd from right) with undergraduate award winners at the annual Department of Economics Awards Reception held in April 2016.

Undergraduate Student { News }

Graduation Reception

This year the department hosted its annual graduation reception under tents in front of the Chemistry Building. A smiling group of undergraduates and parents attended and enjoyed the reception despite a few short rain showers. We continued the department's tradition of the Chair and Director of Undergraduate Studies congratulating each graduate, taking their picture, and posting the photos on our website.

https://www.facebook.com/IUBDepartmentOfEconomics/photos/?tab=album&album_id=1721112331505148



A happy graduate with Jimmy Walker, Director of Undergraduate Studies (left) and Gerhard Glomm, Chair (right).

Graduate Student { News }

Commencement

A happy group of our economics Ph.D. students and their faculty advisors enjoy a memorable day. The graduate commencement ceremony was held on May 6, 2016.

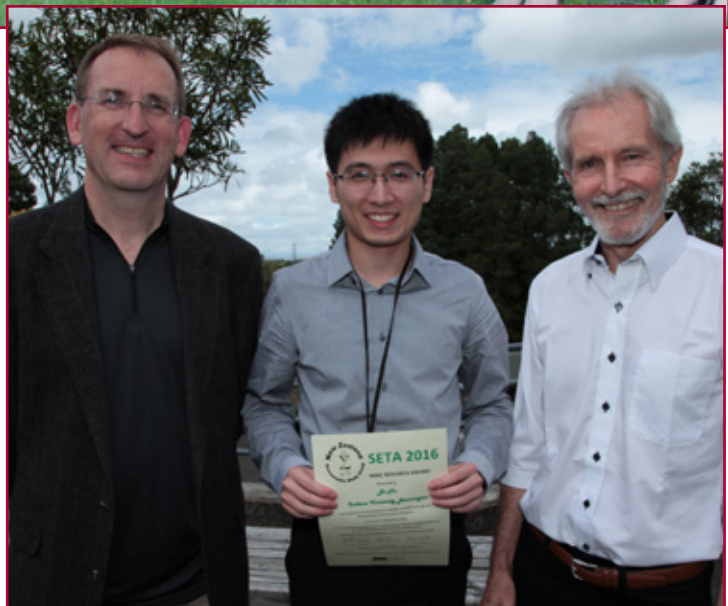
From left: Professor Kosali Simon, Professor Frank Page, Peter Herman, Jie Ma, Hao Jin, ByeongHwa Choi, Professor Gerhard Glomm, and Sophia Priazhkina. (Ping Zheng not in photo.)



Bo Hu Wins Conference Top Paper Award

The Department of Economics congratulates Bo Hu for winning the top paper award for presentation by doctoral students at "The Power of Two": The 12th International Symposium on Econometric Theory and Applications & The 26th New Zealand Econometric Study Group. The title of Bo's presentation was "Functional Autoregressive Model for Time Series of State Distributions". He was awarded the Reserve Bank of New Zealand Research Award "in recognition of contributions to NZESG and SETA through the presentation of econometric research". Bo is currently a fifth year Ph.D. student writing his dissertation under the direction of Professor Joon Park.

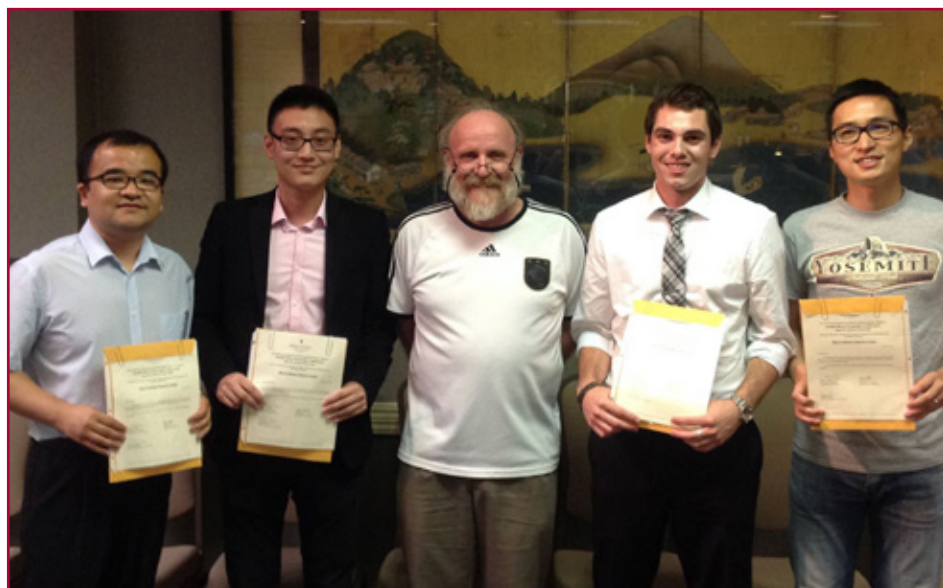
Bo is pictured with Dr. John McDermott, Assistant Governor and Head of Economics at the Reserve Bank of New Zealand and Peter C.B. Phillips, Sterling Professor of Economics and Professor of Statistics at Yale University, members of the award committee. The conference was held in February 2016 at the Waikato Management School, University of Waikato, in Hamilton, New Zealand.



Bo Hu (center) with John McDermott (left) and Peter Phillips (right).

12th Annual Jordan River Conference

The Jordan River Conference was held this year on April 29, 2016. This conference was established over a decade ago as the setting for our Ph.D. students to present the preliminary draft of their third year research paper. Professor James Self is the principal organizer of the Jordan River Conference and Professor Todd Walker, the Director of Graduate Studies, assists with the paper presentation schedule. The conference, sponsored by Cengage Learning, MacMillan Education and Pearson Education, hosted a book fair and luncheon. A focal point of the conference was the keynote speaker, Rudy Professor Eric Leeper from the IU Department of Economics, who presented “Fiscal Sustainability: What Makes the Euro Area Different from Us?”.



Jordan River Conference best paper award winners, from left: Dong Lu, Hewei Shen, Gerhard Glomm (Chair of Department of Economics), Simon Willard, and Berg Cui. (Rui Gong not in photo.)

A highlight of the conference was the presentation of the Jordan River Conference best paper awards which were announced at the evening reception. Four students received best graduate student paper awards: Berg Cui, Hewei Shen, Rui Gong, and Dong Lu. Berg Cui's advisory committee chair is Joon Park and his committee members are Yoosoon Chang and Todd Walker. Hewei Shen's advisory committee chair is Juan Carlos Hatchondo and his committee members are Amanda Michaud and Eric Leeper. Rui Gong's advisory committee chair is Frank Page and her committee members are Robert Becker and Juan Carlos Escanciano. Dong Lu's advisory committee chair is Daniela Puzzello and his committee members are Stefan Weiergraber, Robert Becker, and Volodymyr Lugovskyy. Simon Willard received the best undergraduate student paper award. Simon's paper advisor is Gerhard Glomm.

As many of our alumni will remember, graduate students lead very busy lives. Here are some examples of their publications, conference presentations and success on the job market.

Graduate Student Publications

Zhao Han published “A Dynamic Asset Pricing Model with Non-myopic Traders” in *Economics Bulletin*, 35(3), (2015), 1788-1794.

Takuji Fueki co-authored “Measuring Potential Growth with an Estimated DSGE Model of Japan's Economy” in *International Journal of Central Banking*, 12(1), (2016), 1-32.

Graduate Students Whose Papers Have Been Accepted at Conferences

ByeongHwa Choi: The 85th Annual Meeting of the Southern Economic Association; The 74th Annual Meeting of the Midwest Political Science Association; and The 91st Annual Conference of the Western Economic Association International.

Ivan Lopez Cruz: The 52nd meeting of the Mid Valley Economic Association in Kansas City; and The 10th Annual Economic Graduate Student Conference at Washington University in St. Louis.

Ryan Eiben: The Missouri Valley Economics Association Conference in October 2015, and The Midwest Economics Association in April 2016.

Rui Gong: (with Frank Page and Jean-Pierre Zigrand) Systemic Risk in Over-The-Counter Markets: The Third Annual Conference on Systemic Risk, London School of Economics; (with Frank Page) Second Annual NSF Conference on Network Science in Economics, Stanford University; and (with Frank Page) The 5th World Congress of the Game Theory Society at Maastricht University, the Netherlands this summer.

Peter Herman and Ryan Lee: The InsTED Conference at Indiana University.

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Honors and Awards 2016

Ostrom Workshop Graduate Fellowship
Michael Klein

Susan C. Thrasher Dissertation-Year Fellowship
Shibi He

Carrington Graduate Fellowship
Ryan Lee

Henry M. Oliver Award for Excellence in Graduate Economic Theory
Hewei Shen

Taulman A. Miller Award for Best International Graduate Student in Economics
Dong Lu

Frank T. Bachmura Award for Outstanding Graduate Student in Development Economics or Comparative Systems
Ivan Lopez Cruz

Daniel J. Duesterberg Book Award
Rui Gong

Fred Witney Scholarship Award for Excellence in Applied Microeconomics
Shuze Ding

W. Phillip Saunders Award for Outstanding Introductory Economics Associate Instructor
Philip Vinson

Alumni Associate Instructor Award for Excellence in Teaching
Jie Ma

Jordan River Conference Graduate Students Paper Award
Berg Cui
Rui Gong
Dong Lu
Hewei Shen

Congratulations to these graduate student award winners!

Bo Hu: The 2015 Midwest Econometrics Group Meeting in St. Louis; The 12th International Symposium on Econometric Theory and Applications & The 26th New Zealand Econometric Study Group in Hamilton, New Zealand; The 9th Annual Society for Financial Econometrics Conference in Hong Kong; and The 2016 International Symposium on Financial Engineering and Risk Management in Guangzhou, China.

Hao Jin and Hewei Shen: Washington University in St. Louis, Graduate Student Conference; and Midwest Macroeconomics Meeting at University of Rochester.

Michael Klein: Annual Meeting of Missouri Valley Economic Association 2015, and Annual Economic Graduate Student Conference 2015, at Washington University in St. Louis.

Dong Lu: The China Finance Annual Conference in 2015, Xiamen University, China.

Ye Lu: The 2015 Canadian Econometric Study Group Meeting at University of Guelph, Guelph, Canada.

Phil Vinson: The Midwest Economics Association Conference.

Job Market Placement

National Taiwan University
Bank of Canada
United States International Trade Commission
Xiamen University
Martin-Luther Universität Halle–Wittenberg
Xi'an Jiaotong University



Todd Walker, Director of Graduate Studies (5th from left) with graduate student award winners at the annual Department of Economics Awards Reception held in April 2016.

The Department of Economics greatly appreciates the high achievements of our graduates. We are pleased to bring you a reflection from one of our recent Ph.D. alumna, Pallavi Baral. We asked her to share her thoughts about how the IU Department of Economics helped shape her career and life.

Reflections from an IU Economics Ph.D. Alumna

By Pallavi Baral

The famous phrase “*All the world’s a stage, And all the men and women merely players*” from Shakespeare’s *As You Like It* had always fascinated me. Particularly so, because it didn’t come with a qualifier restricting its relevance to only one subject. I felt this allowed me the liberty to alter it to “*All the world’s a game, And all the men and women players*”? It seemed more relevant to my “playful” mind that was constantly trying to construe its surroundings. For example, I was always attracted by topics related to financial networks consisting of banks. So, I wondered if the banks can be viewed as players, implementing strategies, in a game of connections that resulted in the network. While my young brain was curiously looking to address such questions, I got exposed to the literature on Game Theory. This became an academic turning point and I decided to pursue graduate studies in Economics, focused on Game Theory. Thus, began the search for a place that could empower me to put my random thoughts into a meaningful mathematical structure. This quest culminated at Wylie Hall, Department of Economics, Indiana University (IU).

Wylie Hall, a red brick building that exudes intellect from all

corners, hosted my naïve mind for five wonderful years. It polished my thoughts, trained my cognitive faculties and prepared me to translate my questions into game theoretic models and help answer them in the most elegant manner possible. Professor Frank Page was my guide through this journey. He taught me the art of delving into the depths of economic theory

underlying interesting economic questions and extracting their solutions by untangling the noise surrounding them. For instance, let’s revisit the question around banks in a financial network and think about the 2008 financial crisis. To ask, “what caused it?” is oversimplifying the gravity of the event. In order to be able to make

(continued)



Pallavi Baral is Senior Data Scientist Lead at Microsoft.

predictions to possibly prevent future crashes, it is crucial to grasp the (multidimensional) events that led to the crisis. Given the tools of traditional game theory, where a game is often designed as a static network with a fixed number of players choosing from a set of strategies to reach an equilibrium, modeling a volatile event such as this can be extremely challenging. That said, at IU, I was exposed to Network Formation Game Theory, a field that studies games as networks evolving over time, where the network need not be static as players may change their connections. Prior to the 2008 crisis, there existed a network of banks, resulting from their decisions to lend and borrow from each other. Then, one of the “players” (i.e., a bank) introduced another variation to the strategy space – default, and reneged on the contract that held the connection in place resulting in a change in the initial network. Consequently, the remaining banks revised their strategies to reform their connections. If we juxtaposed these changes over time, we will have a sequence of networks that continued to evolve until an equilibrium was reached, where the existing set of connections allowed for a stable financial system. Note that the idea of stability in this

context is slightly different from that of static games, because it allows for network evolution. Stability here is derived by a set of strategies that can contain contagion and prevent a collapse, rather than reaching a “final” network, which doesn’t evolve anymore. The beauty of this field lies in the mathematical sophistication with which it allows for modeling complex economic problems. However, despite the grace of theoretical modeling, at times one may find that it doesn’t overtly align with reality. Particularly, in this example, mathematically, we have an equilibrium. But what does it mean in terms of actual numbers and data? That is where, Professor Pravin Trivedi stepped in to introduce me to the world of Microeconometrics and its vast set of tools that allowed me to take the set of mathematical formulations and put them into statistical models to get more organic actionable solutions.

My stint at IU can be summed up as a collection of several such cerebrally stimulating moments that I would gladly like to relive. Towards the conclusion of my

“Wylie – the Department of Economics at IU, stands for everything I know as an Economist.”

Ph.D., I landed a job at Microsoft as an Economist. My team focused on understanding trends in the market for devices and interpreting as well as predicting competitive strategies. This job provided me with unique opportunities to apply interesting models based on Network Formation Game Theory as well as Microeconometrics to answer challenging questions that informed strategic decisions at the leadership level. My contributions were widely recognized and the organization honored me with the “Made the Difference” award for 2014. Although, the award had my name on it, I accepted it on behalf of the intellectually rich time that IU invested in me. Wylie – the Department of Economics at IU, stands for everything I know as an Economist. Therefore, one may conclude that one can graduate a student out of Wylie, but can’t take Wylie away from a student. Q.E.D!

Alumni:

Tell us what’s new with you! Please send news of your career to us so we can include your updates in future newsletters. email to: rcunning@indiana.edu

Class { Notes }

{ 1970s }

Indiana Lawyer has recognized **Brian P. Williams**, B.A., '78, J.D., '81, a litigator and co-managing partner with the Evansville, Ind., law firm Kahn, Dees, Donovan & Kahn, as a distinguished barrister in the *Indiana Lawyer* 2015 Leadership in Law Awards. Williams has practiced business, contract, employment, real estate, estate planning, and trust litigation for more than 30 years. He lives in Evansville.

{ 1980s }

In March, 2015, **Lawrence J. "Larry" Belcher**, Ph.D., '87, was named dean of the School of Business at the University of Indianapolis. He joined U. of Indy from Taylor University, where he led the undergraduate business program and held an endowed chair in finance and economics. He previously served for more than two decades at Stetson University in Florida, where he was professor and chair of finance and directed the George Investments Institute. He also led seminars on financial markets for top Disney executives at Walt Disney World Leadership Conferences in Orlando. Belcher's specialties include financial market theory, derivative markets, and macroeconomic theory and policy. He has published research in academic journals and has provided commentary to news outlets such as *The New York Times*, *The Washington Post*, *The Wall Street Journal*, and *The Chronicle of Higher Education*.

Donald F. Foy Jr., B.A., '89, writes, "I am now working as a regional business director for Baxalta US, formerly Baxter BioScience." He lives in Trophy Club, Texas.

{ 1990s }

Matthew R. Bowser, B.A., '97, has been promoted to principal in risk consulting services at Crowe Horwath, a public accounting, consulting, and technology firm. Based in Indianapolis, he guides clients through all aspects of compliance; leads internal audit activities and risk management programs; and frequently speaks on risk, governance, and compliance topics at the Federal Reserve, and other organizations.

{ 2000s }

Jonathan Manning, M.A., '04, accepted a position as Information Management Officer in February, 2015 in the Middle East and Central Asia Department of the International Monetary Fund.

John C. Miller, B.A./B.S., '10, recently received a fellowship from the Women's International Network of Utility Professionals to continue his education at the University of Oxford in the United Kingdom. Miller is a master of public policy candidate in the Blavatnik School of Government at the University of Oxford. Most recently, he was a senior analyst in the renewable energy and energy efficiency practice at Castalia, a cross-disciplinary consulting firm specializing in infrastructure development in emerging markets. After completing his graduate degree, Miller plans to return to

the U.S. to continue to advise on energy policy and regulation that enables smart, low-carbon growth.

In 2015, **Rachel E. Green**, B.A., '15, received a George J. Mitchell Scholarship for graduate study in Northern Ireland. She was one of 12 students awarded the scholarship, named for the former U.S. senator from Maine in honor of his contributions to the Northern Ireland peace process. Green, originally from Germantown, Tenn., is studying moral, legal, and political philosophy at Queen's University in Belfast, Northern Ireland. She plans to attend law school and pursue a career in public interest law. While a student at IU, she was a Wells Scholar and a member of the Board of Aeons, a group of 13 students that advises the IU president on campus issues. Read more about her role as a leader in campus sexual assault prevention and bystander intervention initiatives as a student at IU in the Winter 2015 issue of the *Indiana University Alumni Magazine*.



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