

From the Chair

Dear Economics alumni and friends,
I hope this newsletter finds you well and thriving in your local communities. I have been in touch with some of you this past year. I am always amazed how loyal you are towards Indiana University in general and IU Economics in particular.

It has been another great and fascinating year in the Department of Economics at IU. We were successful in hiring Ala Avoyan who earned her Ph.D. from New York University. Ala will strengthen and complement our microeconomic theory and experimental economics group.

It is always refreshing to observe how our students grow, develop, and flourish. Sure, some students struggle, but most students do well. And it is very rewarding to see how students overcome their challenges.

We are working very hard to keep our course offerings relevant. This year the department offered, for the first time, an undergraduate course on Big Data. Within days, we had a long waiting list for the course!

We hope you will check out our recently launched Department of Economics website. We now have a brand-new look on the internet.

Please let us know if you are planning to come to Bloomington again.

All the best
and please
keep in
touch,

Gerhard
Glomm
Professor and
Chair
Department
of Economics
Indiana
University



Nobel Laureate Delivers the Roy Gardner Memorial Lecture

Roger B. Myerson, recipient of the 2007 Nobel Memorial Prize in Economic Sciences and Glen A. Lloyd Distinguished Service Professor of Economics at the University of Chicago, delivered the Roy Gardner Memorial Lecture on October 12, 2017. Professor Myerson presented a recent research paper entitled "Village Communities and Global Development."

Close Encounters of the Myersonian Kind: The Second Annual Roy Gardner Memorial Lecture

By Derek Wenning

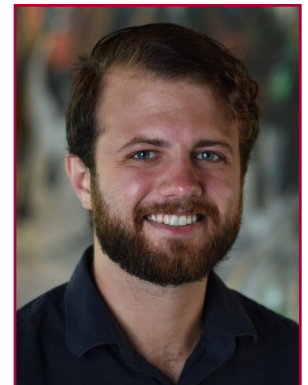
It's not often that a Nobel laureate comes to town. It's even less common for an undergraduate to hear one speak and sit ten feet away from them in a lecture hall. As exciting as it is, it can also seem rather daunting. These were my initial sentiments when Dr. Roger Myerson, one of the three 2007 Nobel Prize winners in economics, came to IU to give the Roy Gardner memorial lecture. However, I was pleasantly surprised to find myself as relaxed and intrigued as I would be in any other lecture.

Dr. Myerson won the Nobel Prize for his work on mechanism design, a mathematically heavy and very technical branch of economics. Therefore, I had expected to see a board filled with equations and solution concepts. The actual content of the lecture could not have been further from my expectations. Dr. Myerson's lecture was an incredibly insightful reflection on the importance of local government. He traced the roots of local government back to the onset of human history, and worked his way up to the current time period. In doing so, he highlighted the successes and failures of institutions across time, some of which are still relevant today.

Overall, the lecture was very enticing, and while the content itself was certainly enthralling, the primary message I received was that one's interests can have no bounds. In research, it seems easy to get pigeonholed in a few niche fields, but Dr. Myerson showed that this does not have to be the case. He was able to discuss a topic that was seemingly unrelated to his Nobel Prize winning work, but with what I imagine was a comparative level of enthusiasm. I cannot emphasize the impact that this had on an aspiring economist, and for that, I have to be grateful.



Roger Myerson



*Derek Wenning
B.A., Economics;
B.S. Mathematics, 2018*

First Annual Jordan-Wabash Conference in Behavioral and Experimental Economics



Faculty and graduate students from the Economics departments at Indiana University and Purdue University gathered together on November 11, 2017, for the first annual Jordan-Wabash Conference on Experimental and Behavioral Economics. Daniela Puzzello, professor of Economics at IU, and Tim Cason, Distinguished professor of Economics at Purdue, organized this conference.

Conference Schedule

Saturday, November 11, 2017

All presentations took place in Wylie Hall 329.

10:00-11:45

Jimmy Walker, "Provision of Environmental Public Goods: Unconditional and Conditional Donations from Outsiders" (30min)

Shuze Ding (grad student), "Legal Restrictions and International Currencies: An Experimental Approach" (22min)

Jose Nuno Ledesma (grad student), "Multi-product nonlinear pricing with quantity caps" (22min)

Volodymyr Lugovskyy/Daniela Puzzello, "On Cooperation in Finitely and Infinitely Repeated Social Dilemma Games" (30min)

11:45-12:30 Lunch

12:30-2:00

David Gill/Victoria Prowse, "Strategic complexity and the value of thinking" (45min)

Peter Wagner (grad student), "I think that you think...: An experimental analysis of level-k reasoning in repeated mixed strategy games" (45min)

2:00-2:30 Break

2:30-4:00

Evan Calford, "Polarization with endogenous network formation" (45min)

Collin Raymond, "Persistent Overconfidence and Biased Memory: Evidence from Managers" (45min)

4:00-4:30 Break

4:30-6:00

Yaroslav Rosokha, "Motivating Innovation: The Effect of Loss Aversion on the Willingness to Persist" (45min)

Stanton Hudja (grad student), "Is Experimentation Invariant to Group Size? A Laboratory Analysis of Innovation Contests" (22min)

Jake Schild (grad student), "Inequality Aversion vs Altruism: Experimental Evidence" (22min)

6:30-8:00 Dinner (Samira)

First Annual Jordan-Wabash Conference in Behavioral and Experimental Economics

Conference Thoughts

By Daniela Puzzello and Jimmy Walker

On Saturday, November 11, 2017, faculty and graduate students from the Economics departments of Indiana University and Purdue University held their first joint conference on research in behavioral and experimental economics. The conference provided an excellent opportunity for sharing research ideas, and allowing graduate students to play an integral role in conference presentations and discussions. The conference included six faculty and five graduate student presenters, along with fourteen other faculty and students involved in the discussions. The conference illustrated that experimental methods can be applied to address questions in a wide range of fields. Conference topics included the study of cooperation in social dilemma games, multi-product non-linear pricing, innovation, government restrictions and international currencies, polarization, managers' overconfidence, etc.

Daniela Puzzello, professor of Economics at IU, and Tim Cason, Distinguished professor of Economics at Purdue organized the conference.

The history behind this joint conference goes back several decades as both IU and Purdue have a strong tradition in experimental economics. Experimental economics at Indiana University began in 1979 with Arlie Williams, now professor emeritus at IU. As a new assistant professor, Arlie initiated the development of a seminar course in experimental economics for honors undergraduate economics majors and graduate students. Jimmy Walker and Arlie had met in 1977 at the first conference of experimental economists in the U.S., in Tucson, Arizona. In 1984, Jimmy joined Arlie on the faculty at IU. Over the years, the scope of experimental research on the Bloomington campus grew, including collaborative research between, Jimmy, Roy Gardner, and Elinor (Lin) Ostrom. Their research on institutions and the commons was cited as part of the research contribution that led to Lin's receiving the Nobel Prize in Economics in 2009.

Among the honors undergraduates in the experimental seminar taught by Arlie and Jimmy was Tim Cason. Tim graduated from IU in 1986, went on to complete his Ph.D. at U.C. Berkeley, and now leads the experimental economics group at Purdue. The Purdue experimental economics lab VSEEL (Vernon Smith Experimental Economics Laboratory) is named in honor of Vernon Smith, 2002 Nobel laureate, who started his career at Purdue University as assistant professor in 1955. Charlie Plott, another prominent experimental economist was also a professor at Purdue University from 1965-1970. Among Tim's Ph.D. students at Purdue were Volodymyr Lugovskyy and Daniela Puzzello. Daniela and Vova now play a central role in the experimental economics groups at IU, as well as in the economic theory and international economics groups. Plans now call for hiring another experimentalist into this group this year.

The Second Annual Jordan-Wabash Conference in Experimental Economics is planned for fall 2018.



Daniela Puzzello and Jimmy Walker



Eric Leeper Testifies before a U.S. House of Representatives Committee

Rudy Professor of Economics Eric Leeper was invited to testify before the Subcommittee on Monetary Policy and Trade, Committee on Financial Services, U.S. House of Representatives. His research focuses on theoretical and empirical models of macro policy, with special emphasis on monetary-fiscal policy interactions and making explicit connections between theory and data.



Eric Leeper

Todd Walker, Walter Professor of Financial Economics, writes about his colleague.

On July 20, 2017, Rudy Professor Eric Leeper testified before the Subcommittee on Monetary Policy and Trade (U.S. House of Representatives). The title of the hearing was “Monetary vs. Fiscal Policy.” In his opening statement, Prof. Leeper, pointed out that the title did not serve to frame the discussion in a constructive manner. Fundamental economics, he argued, dictated a more appropriate title: “Monetary and Fiscal Policy.”

Indeed, Prof. Leeper, a world-renowned monetary economist, has been thinking about his suggested title throughout his illustrious career. He established the importance of monetary and fiscal policy coordination in a seminal paper published in 1991 in the *Journal of Monetary Economics*. In that pathbreaking work, he defined the terms “active” policy and “passive” policy, which have become standard lexicon in the literature.

Prof. Leeper proceeded to explain the importance of thinking about monetary and fiscal policy in the active / passive framework. He carefully reasoned how perverse consequences can easily be attained if policy is conducted in isolation. Only when considering policy jointly can it be truly effective. He then provided several historical references that represented successes in policy coordination and failures.

Let’s hope our leaders in Washington D.C. heed this important advice.

Link: [Prof. Leeper’s full testimony \(pdf\)](https://financialservices.house.gov/uploadedfiles/hhrg-115-ba19-wstate-eleeper-20170720.pdf)
<https://financialservices.house.gov/uploadedfiles/hhrg-115-ba19-wstate-eleeper-20170720.pdf>



Todd Walker



Karis Neufeld Attends Conference in Dubai

By Karis Neufeld

Karis writes about her experience participating in the 2017 World Investment Conference.

This November, I had the opportunity to intern for the World Association of Investment Promotion Agencies (WAIPA) and travel to Dubai for the 2017 World Investment Conference. Participation in the two-day conference enriched my internship experience tremendously and elevated my understanding of the intersections between global investment and economic development.

On the first day, attendees to the conference were primarily national or sub-national investment promotion agencies who are members of WAIPA. Discussion centered on best practices for policy and programming to attract new investment to their region. Several presentations by member agencies opened Day 1 and included discussions of global trends in foreign direct investment, branding for Invest in GREAT Britain and Northern Ireland, and streamlining bureaucratic processes by Invest Istanbul. The afternoon was filled with the election of new steering committee representatives and other organization business.

The following day's agenda included a broader dialogue among experts from the World Bank, several UN agencies, and the private sector. Two key themes emerged in discussions over the course of the conference. The first was sustainable investment: both what it is and how to target it. Across the board, agencies should aim to attract investment which will contribute to the achievement of the Sustainable Development Goals, connect with local suppliers to create far-reaching positive externalities, and choose not to relocate after incentive programs end. The second theme was that in order to succeed in attracting the right kind of investment, agencies will need to identify unconventional sectors and modes of investment and target firms with an expanding variety of incentives. This may require initiatives which guarantee labor with the correct skills, data on local sources for inputs, and a minimum of bureaucratic hurdles depending on the target investment.

Throughout the conference, I found myself involved in a process that contributed to measurable changes in international development and the experience enriched my learning beyond anything before. I would like to express my appreciation for the funding from the Department of Economics which enabled me to attend the WAIPA annual conference.



Karis Neufeld
B.A., Economics;
B.S., International Studies, 2018

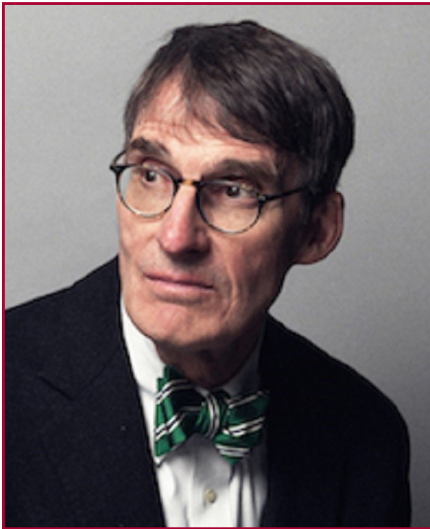


Economics Alumni Serve as College of Arts + Sciences Luminaries

James Grant, B.A. 1970, is the founder and editor of *Grant's Interest Rate Observer*. Michael Gapen, Ph.D. 2004, is a managing director and chief U.S. economist for Barclays. Learn about the College Luminaries Program, who selects the Luminaries, and what the Luminaries do while on campus: <https://luminaries.college.indiana.edu/about/>

James Grant

Founder and editor — *Grant's Interest Rate Observer*



James Grant, financial journalist and historian, is the founder and editor of *Grant's Interest Rate Observer*, a twice-monthly journal of the investment markets. His new book, *The Forgotten Depression, 1921: the Crash that Cured Itself*, a history of America's last governmentally unmedicated business-cycle downturn, won the 2015 Hayek Prize of the Manhattan Institute for Policy Research.

While his high level of success and recognition is notable, the impact Mr. Grant has had on the public's understanding of the economy is most profound. His publications allow Americans to access and understand the complicated world of economics and the ways in which the shifts in the economy can have serious effects on their everyday lives.

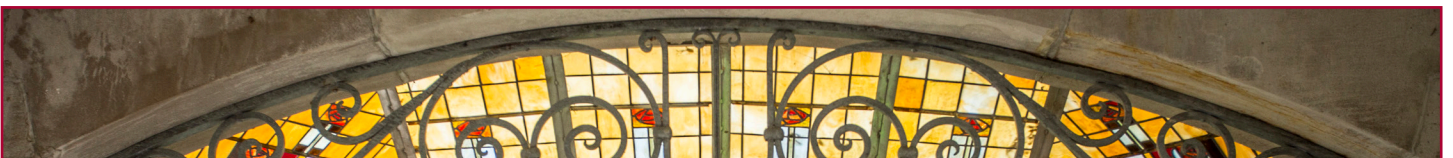
Among his other books on finance and financial history are *Bernard M. Baruch: The Adventures of a Wall Street Legend* (Simon & Schuster, 1983), *Money of the Mind* (Farrar, Straus & Giroux, 1992), *Minding Mr. Market* (Farrar, Straus, 1993), *The Trouble with Prosperity* (Times Books, 1996), and *Mr. Market Miscalculates* (Axios Press, 2008).

He is, in addition, the author of a pair of political biographies: *John Adams: Party of One*, a life of the second president of the United States (Farrar, Straus, 2005) and *Mr. Speaker! The Life and Times of Thomas B. Reed, the Man Who Broke the Filibuster* (Simon & Schuster, 2011).

Mr. Grant's television appearances include "60 Minutes," "The Charlie Rose Show," "CBS Evening News," and a 10-year stint on "Wall Street Week". His journalism has appeared in a variety of periodicals, including the *Financial Times*, *The Wall Street Journal* and *Foreign Affair*. He contributed an essay to the Sixth Edition of Graham and Dodd's *Security Analysis* (McGraw-Hill, 2009).

Mr. Grant, a former Navy gunner's mate, is a Phi Beta Kappa alumnus of Indiana University, graduating with a bachelors in economics. He earned a master's degree in international relations from Columbia University and began his career in journalism in 1972, at the *Baltimore Sun*. He joined the staff of *Barron's* in 1975 where he originated the "Current Yield" column. He is a trustee of the New York Historical Society. He and his wife, Patricia Kavanagh M.D., live in Brooklyn. They are the parents of four grown children.

For College of Arts and Sciences students, Mr. Grant has shown that a diverse education can open many unexpected doors. Whether studying music, economics, or international affairs, liberal arts students have the unique opportunity to access multiple career fields and will, in turn, become extremely valuable members of society, possessing sophisticated outlooks and the passion to share these ideas with others.



Michael Gapen

U.S. chief economist and managing director — Barclays



"Everyone, regardless of their place in our society, plays a role in and is impacted by the US economy."

Michael Gapen is a managing director and chief US economist for Barclays. Based in New York, Mr. Gapen leads a team that is responsible for the firm's outlook for the US economy and monetary and fiscal policy. Prior to taking on this role, Mr. Gapen was a Senior US Economist and Asset Allocation Strategist for Barclays, where in addition to the US outlook Mr. Gapen took on additional responsibility for forming the firm's asset allocation views and marketing them to clients.

Mr. Gapen joined Barclays in 2010 from the Board of Governors of the Federal Reserve, where he was a Section Chief responsible for monetary and financial market analysis. In that capacity, he assisted the Board and the FOMC in the formulation of monetary policy and the Federal Reserve's response to the financial crisis. Prior

to that, he served as an Economist with the International Monetary Fund. Mr. Gapen has also taught Finance and Economics at institutions including Kelly School of Business and Department of Economics at Indiana University, Mendoza College of Business at the University of Notre Dame, and the Department of Economics at Johns Hopkins University. He is a member and officer of the Forecasters Club of New York.

Mr. Gapen holds a Ph.D. (2004) in economics from Indiana University.

Alumna Jennifer Burnett-Zieman

Featured in *The College Magazine*

Read about the inspiring career of Jennifer Burnett-Zieman (B.S./B.A. '02, Biology, Economics, LAMP) in *The College Magazine*. Jennifer recently received the College of Arts and Sciences' Outstanding Young Alumni Award and is also recognized on the College of Arts and Sciences' first-ever "20 Under 40" list.



Spring 2018 College Magazine:
<https://magazine.college.indiana.edu/issues/spring-2018>

The Fall 2017 issue feature:
<https://magazine.college.indiana.edu/issues/fall-2017/articles/20-under-40.html>

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 alumni.iu.edu.

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