

UCLA Economics Department Newsletter

Summer 2010

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1. MESSAGE FROM THE CHAIR



Dear Alumni and Friends.

It's hard to believe that a year has passed since I became chair of the department. And what a year. We have weathered a difficult time not just for the Department but also for the University, the State of California, and the US and world economies.

The Department is a little smaller than last year as we have seen the departure of Naomi Lamoreaux to Yale, Sandra Black to the University of Texas at Austin, Christian Hellwig to University of Toulouse, and Daniel Akerberg to the University of Michigan. Please join me in wishing them all well in their new departments. There were also two retirements, Earl Thompson who will continue to teach as an emeritus professor and Deepak Lal who has returned to London.

Departures are a part of life – particularly in economics departments—where there is constant movement from one department to another. Four or five departures each year is the norm not only at UCLA but at every other major department in the U.S. What is unusual about the departures this year is that we were unable to replenish the faculty we lost due to a University hiring freeze. I expect that to change next year as we embark on the road to recovery.

On the positive side, we were able to retain, and promote, two of our top faculty in the face of very competitive outside offers. Please join me in congratulating Ariel Burstein and Pierre-Olivier Weil, both of whom were promoted to positions as associate professors with tenure. We also fought, and won, a tough retention battle to keep Hugo Hopenhayn, a world leader in the field of industrial organization. His retention was made possible thanks to the involvement and generosity of Duncan Cameron, an alumnus of the Department.

Hugo will be teaching a class in entrepreneurship to our undergraduates as well as continuing his important leadership role in mentoring and teaching our graduate students in industrial organization.

In the face of reductions in state funding, we are more aware than ever that the model for the Department going forward will need to change. We remain committed to providing an education to the best and brightest students in the State of California with equal access for all.

But in order to ensure that this great department remains competitive nationally, we will more than ever need to supplement state funding with private support. Led by our volunteer alumni and donors including the Department's Board of Visitors, I invite you to consider getting involved with us and making a gift back.

Our plan for the future also involves an ambitious new change to our undergraduate business program that brings the study of economics and business at UCLA into the cutting edge. We added a new course that will preview what's to come in the new major which you can read about further in the newsletter. The new major will provide more intensive classes in which our students will learn problem solving, writing, and communication skills. These are the talents that will enable our students to emerge as the leaders of the future. We have set a goal to raise an endowment of \$50 million to fund this program and to turn it into a unique and rewarding experience for our students, our faculty, and for our alumni who are helping with design of the new program at every stage. The end result will be the nation's first ever premier business economics major based in the liberal arts.

I am optimistic about the coming year, in no small part, because of the support I feel from you, our dedicated alumni. Thanks to all of you who emailed me this year after we sent the fall newsletter. I look forward to hearing from more of you in the future. Together with our new dean, Alessandro Duranti, I have already discussed plans to replenish the Department and to begin the path to growth in a revitalized UCLA Economics Department that is a flagship for innovation and leadership in California and in the nation. UCLA is one of the foremost public universities in the world. With your help, let's keep it that way.



Roger E. A. Farmer
Department Chair

2. ECONOMICS BOARD OF VISITORS WELCOMES ITS NEWEST MEMBER

Now in its seventh year, the Economics Board of Visitors is made up of alumni volunteers who provide leadership and financial support to the department. This year, the Board welcomes Terry D. Kramer for his first three-year term. Terry is a senior executive at Vodafone Group, the

world's leading mobile telecommunications company, with a significant presence in Europe, the Middle East, Africa, Asia Pacific, and the United States with over 333 million customers. In the U.S. the Group's associated undertaking operates as Verizon Wireless. Terry is a board member of the GSMA, the mobile industry association, and chairman of the GSMA's Strategy Committee. Terry previously served as Vodafone Group's HR director and chief of staff, where he was responsible for implementing Vodafone's People Strategy, advancing talent recruitment, and development efforts in key areas, including emerging markets and the internet.

Terry will lend an important hand to the current work of the Board in launching the department's new major and further developing the Sharpe Fellows Program. Terry's work as an executive in the telecommunications industry makes him a great asset for the new Economics in Practice course.

3. GIVING BACK AND GETTING INVOLVED: UCLA ALUMNI LEADERSHIP

When you're a faculty member of one of the top economics departments in the nation, the need to produce cutting edge research and demonstrate leadership in your field is critically important. The department's prestige rests on the ability of its faculty to showcase the department as a destination for where the world's brightest minds come to work and proclaim the department as the preeminent place for innovation and discovery.

Faculty members fund their research primarily through university support, grants, and gifts from alumni. Faced with an increasingly challenging budget climate, research dollars previously available have become scarcer. So when one of the Department's leading scholars, Professor Hugo Hopenhayn, was offered a competitive package from another prestigious university that would fully-fund his research, alumnus Duncan Cameron, who graduated with a Ph.D. in economics, stepped up to make a gift that would enable Hopenhayn to continue his research and career at UCLA. Part of Duncan's gift will be used to support a conference in honor of Harold Demsetz that Hopenhayn has agreed to organize. Professor Demsetz was the creator of the Business Economics Program and is a pioneer in the economic field of industrial organization, an area in which Hopenhayn continues to expand at UCLA. Cameron and his wife have been longtime supporters of UCLA, and they recognized that their gift would leave a lasting impact on the Department. "The Department of Economics made a real difference for me, so I am happy to do what I can to preserve the excellence of the program," said Cameron.

Cameron's example is one way in which alumni involvement and giving back can make all the difference in the world in keeping world-class talent here at UCLA.

4. FIRST UCLA ALUMNI CONFERENCE

On May 14, 2010 the Department hosted its first ever alumni graduate conference. In attendance were several generations of former Ph.D. students, returning to UCLA from academic departments and private sector firms located around the country.

The conference was aimed at providing an opportunity for UCLA alumni to foster new contacts and rejuvenate friendships from times past. Moreover, it exposed current graduate students to future peers and potential employers..

The conference will become an annual event for the Department and will showcase the research and published papers of our academic alumni around the country.



Conference attendees listen to a lecture.

To see more photos from the conference, [click here](#).

5. GARY STEELE, MANAGING PARTNER OF ARNOLD WORLDWIDE SPEAKS AT 2010 COMMENCEMENT

The 2010 commencement for the Department of Economics was held on Saturday, June 12 in Drake Stadium. This year’s keynote speaker was UCLA alumnus Gary Steele, managing partner at Arnold Worldwide. Gary encouraged graduates to continue their passion for learning and advised them to brand themselves as individuals who are both distinctive and engaging, and to wrap themselves in their values and ideas.

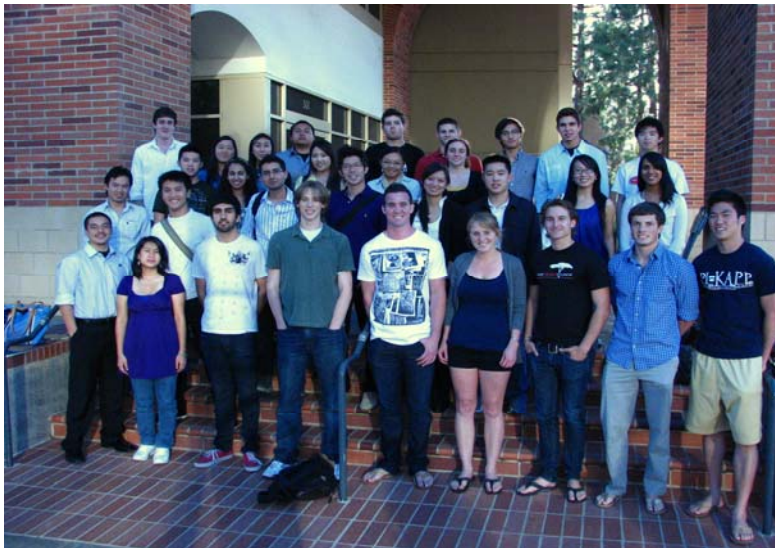
In the current economic climate, Steele was a source of inspiration for the graduating class of 2010 having worked his way up through the advertising world through one of its most transformative periods.

Before his role at Arnold, Gary was executive vice president of McCann Erickson Worldgroup, where he was responsible for managing an integrated retail communications platform, in addition to heading up the Kohl's department stores and Wendy’s business.

Thanks to Gary Steele for serving as our speaker, and congratulations to the Class of 2010.

You can watch a video of the speech at: http://www.youtube.com/watch?v=0XZj5o9u_l8

6. VOLUNTEER ALUMNI MENTORING OPPORTUNITY: UCLA BUSINESS COUNCIL (UBC)



The Economics Department along with the UCLA Career Center formed a partnership of 17 existing business-related student organizations called the UCLA Business Council. The goal of this council is to collaborate on events, streamline employer contact, and promote career related programming on campus.

Coming off their first year, the Council has hosted a number of events including partnering with the UCLA Career Center to coordinate an Internship Night involving nearly 500 students and 23 employers. In addition, this group has been responsible for supporting the new Economics in Practice course and the associated Case Competition. In the coming school year the Council plans to host a number of prominent alumni through their *Distinguished Alumni Speakers Series*. The goal of this series is to provide an informal forum for alumni to connect with our current students.

To learn more about the Council or to get involved as a speaker, please contact Katie Davy, economics career specialist, at kdavy@career.ucla.edu or at (310) 206-1931.

“Our curriculum in Business Economics will give our students a strong multidisciplinary foundation in economics and the social sciences that they will use in class to solve real-world problems.”

-Andrew Atkeson, Director of the Business Economic Program

7. UCLA ECON REBORN: ECONOMICS IN PRACTICE

This Spring Quarter, the Department officially added Economics 188B: Economics in Practice, its first new course aimed at revitalizing the Business Economics Program. The main focus was to introduce a new case-based learning approach involving intensive practice in solving real-world problems. Students, grouped in teams of four, worked on a series of cases with the help of volunteer MBA ambassadors from the Anderson School and presented their analysis both orally and in writing. The students had preliminary practice with smaller cases, presenting in front of the MBA ambassadors. The course culminated with the new UCLA Case Study Competition hosted by UCLA’s Business Council. (**Click here to read about the first UCLA Case Study Competition.**)

Students’ experiences were enhanced by a large number of outside speakers. Dickson Lee of Sony Pictures Entertainment spoke to the class about how to structure effective business presentations. Andrew Kin of Bain Consulting and Edward Leamer of the Anderson School

spoke about forecasting employment and housing starts in the current recession. Former Republican gubernatorial candidate William Simon Jr. spoke about California's budget problems. David Simon and Richard Perelman of the Southern California Committee for the Olympic Games spoke about the process and politics of putting forward a bid to host the Olympic Games. Peter Abraham of the Los Angeles Marathon spoke about organizing a large sporting event in Los Angeles. And Dean Baim of Pepperdine spoke about the impact of the Olympic Games on the cities that host them. Thanks to all of these volunteers for their help with the class.

This new class is the start of a broad effort to revitalize the Business Economics curriculum at UCLA. Professor Andrew Atkeson, the director of that program, explains, "For more than 40 years, UCLA graduates have gone on to successful careers in accounting, banking, consulting, finance, law, money management, private equity, and many other lines of business. UCLA is committed to make important changes to our curriculum in Business Economics to ensure that our future graduates continue and build on that success. This new course, Economics in Practice, is a laboratory for developing new approaches to teaching and learning that we are looking to integrate into our entire curriculum. In the future, our curriculum in Business Economics will give our students a strong multidisciplinary foundation in economics and the social sciences that they will use in class to solve real-world problems. Most importantly, our new curriculum will give students many opportunities to write and orally present their analysis to their instructors and peers. Our alumni grew into their leadership positions on the strength of their analytical and written and oral communication skills. We are looking to change our curriculum in Business Economics to develop these same skills in future generations of Bruins."

8. UCLA SHARPE FELLOWS PROGRAM

The UCLA Department of Economics and our Alumni Board of Visitors are proud to announce the third year of our Sharpe Fellows Internship Program. This program, named in honor of our Nobel Prize winning UCLA Economics alumnus William Sharpe, is designed to bring together top employers with our brightest undergraduate students. Students undergo an extensive application process to be considered for the Sharpe Fellows Program. In addition to a well-crafted resume and cover letter, applicants must write two personal application essays and complete an interview with the alumni selection committee. The selection committee, made up of 20 successful executives, looks for students with strong communication skills, leadership experience, high academic achievement, and an overall drive towards success. This year's Sharpe Fellows were selected on December 11, 2009.

Congratulations to our 2010 Sharpe Fellows:

- Mayank Bhandari will be joining the Financial Institutions Group at Deutsche Bank LA this summer.
- David Buck accepted an offer with Morgan Stanley Real Estate in San Francisco.
- Nanneh Chehras will be interning with Navigant Consulting in Downtown Los Angeles.
- Valentina Forsythe accepted an offer at Ameriprise Financial in Los Angeles.
- Bryan Kurnoff will be interning with Moelis & Company in Los Angeles.
- Mark Lam will be traveling to New York City to intern with BlackRock.
- Xin Lin accepted an offer with Audit Alliance in Singapore.
- Lauren Lucido will be working as a summer intern with the Human Capital Group at Deloitte Consulting.
- Nick Rasines will be interning with UBS in Los Angeles.
- Isaac Rose accepted an offer with ZS Associates in Century City.
- Ali Sadeghinejad is looking to apply his research and business skills developed through his recent internship with Senator Diane Feinstein’s office in Washington D.C.
- Naytri Shroff will be joining the team at JP Morgan in New York this summer.
- Monica Stoner will be interning with Deloitte in Orange County.
- Jaimie Takaesu accepted an offer to work in Tax at PricewaterhouseCoopers this summer.
- Selena Wang will join the ERS Business Risk Team at Deloitte this summer.
- Aram Yacoubian accepted an offer with Houlihan Lokey in Century City.
- Valerie Zhang will be traveling to England for the travel study program at Cambridge University and then completing an internship at Citicorp Investment Bank in Singapore.

9. FACULTY SUMMER RESEARCH

Throughout the summer quarter, UCLA Economics faculty are hard at work researching everything from the causes of our current economic recession to how immigrants decide to leave their native lands for new places. Progressive research is what has defined the Department as one of the nation’s top 10. Below is a sampling of some exciting projects going on this summer.

Andrew Atkeson and Ariel Burstein - Innovating Firms and Aggregate Productivity

In their recent work, Andrew Atkeson and Ariel Burstein develop models of heterogeneous innovating firms in general equilibrium that are not only consistent with the micro data on firm behavior but also can be used to aggregate up from firm-level decisions to obtain a deeper understanding of how productivity should be expected to respond to changes in the economic environment or economic policy.

Andrew and Ariel report on their progress in a paper titled "[Innovation, Firm Dynamics, and International Trade](#)," soon to be published in the *Journal of Political Economy*.

Andrew Atkeson, Christian Hellwig, and Guillermo Ordoñez – “Optimal Regulation in the Presence of Reputation Concerns”

It is often said that the need for government intervention to impose discipline in markets is discredited by the argument that firms’ reputation concerns are enough to discipline their behavior. In their current research, Atkeson, Hellwig, and Ordoñez find that regulation can in fact improve welfare by imposing taxes and benefits that move companies towards consistent and disciplined approaches.

Leah Boustan, Ran Abramitzky (Stanford University), and Katherine Eriksson (UCLA Ph.D. candidate) - Economic Outcomes and Self-selection in the Age of Mass Migration: A Micro Approach

The Age of Mass Migration (1850-1913) was one of the largest migration episodes in history. Boustan, Abramitzky, and Eriksson have found that European migrants to the U.S. during this period were negatively selected from the sending population. Using census records, they hope to follow migrants to the U.S. from 21 sending countries from 1900 to 1920 to compare their labor market performance with those native-born.

Simon Board and Andzej Skrzpyacz (Stanford Business School) - Optimal Dynamic Auctions for Durable Goods

Board and Skrzpyacz are researching the optimal way to sell objects over time when buyers are forward-looking and may delay their purchases if they anticipate future price reductions. The techniques they are developing may be used by airlines to price plane tickets or media companies to sell advertising slots in the near future.

Ariel Burstein and Jonathan Vogel (Columbia University) - Globalization, Technology, and the Skill Premium

Burstein and Vogel’s work contributes to the active debate on the link between globalization and inequality. Through their research, they hope to provide a quantitative framework to assess the implications for the skill premium of policies that foster international trade and multinational production.

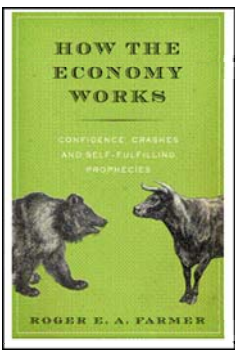
Lee Ohanian – The Nature and Causes of Depressions

Lee Ohanian is investigating the nature and causes of depressions, with a focus on comparisons to our current recession. Having testified before Congress and written a number of articles on the subject for Forbes, Fortune, and the Wall Street Journal, Ohanian is considered one of the nation’s leading experts in economic policy dealing with recessions and depressions.

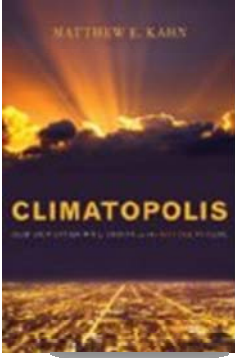
Sule Ozler and Allan Compson (New Center for Psychoanalysis) - Bubbles: From the Individual to Collective

Asset price bubbles have always entailed periods of exuberance followed by crashes, not only economically but also in our life experience and its meanings. Professors Ozler and Compson in their research use psychoanalytic theories of group formation, articulated by Freud and Bion, and the conflict/compromise model to investigate the impact that these crashes have on group behavior.

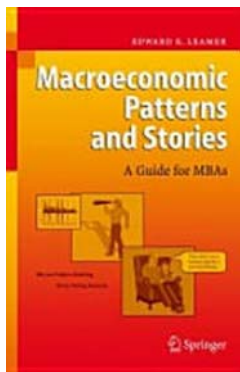
10. NEW BOOKS AUTHORED BY UCLA ECONOMISTS



Roger Farmer recently released his book, *How the Economy Works*. Farmer credits the kind of measures that Bernanke would now like to relinquish with blunting the impact of the crash of 2008. To avoid a similar situation in the future, Farmer argues that the Fed’s portfolio should be expanded to include the stock market itself by creating and managing a broadly construed index fund similar to the Russell 5000. The book is available at most retail and online bookstores.



In September 2010, Basic Books will publish a new book by **Matthew Kahn** titled, *Climatopolis: How Our Cities Will Thrive in the Hotter Future*. This book takes a “free markets” look at how capitalism will help us to adapt to climate change. The book is available for pre-order at <http://www.amazon.com/Climatopolis-Cities-Thrive-Hotter-Future/sim/0465019269/2>



Edward Leamer’s *Macroeconomic Patterns and Stories: A Guide for MBAs* offers the wisdom and insight regarding the US economy from a well-known and distinguished econometrician who found himself first teaching macro economics to MBAs and then directing the highly-regarded and widely-quoted UCLA/Anderson Forecast which provides quarterly forecasts for the US economy. Leamer argues that "We are pattern-seeking story-telling animals." He provides in this book the patterns and stories that are the basis for his understanding of what determines the business cycle and what determines long-run economic growth.

11. GRADUATE PLACEMENT

Our 2009-2010 job market candidates successfully placed in various research, policy, and academic institutions around the world despite participating in one of the weakest job markets in recent history. Several of our candidates even received multiple offers. Congratulations!

- Amy Brown – Statistician, Capital One NA
- Anton Cheremukhin – Economist, Federal Reserve Bank of Dallas
- Federico De Francesco – Visiting Assistant Professor, University of Southern California
- Gissele Gajate Garrido – Postdoctoral Fellow, International Food Policy Research Institute (IFPRI)
- Kei Kawakami – Assistant Professor, University of Melbourne
- Masanori Kashiwagi – Max Weber Fellow, European University Institute
- Marc Luppino – Economist, Federal Trade Commission (FTC)
- Jongchol Moon – Research Associate, Korea Institute for Industrial Economics and Trade

- Paulina Restrepo – Assistant Professor, Ohio State University
- Hao Shi – Assistant Professor, Shanghai Jiaotong University
- Pierre Yves-Yanni – Consultant/Intern, NERA, London
- Peter Zeitz - Postdoctoral Fellow, Stanford University (2010-2011); Assistant Professor, National Singapore University (2011)
- Sophia Zhang – Economist, International Monetary Fund

12. GETTING INVOLVED & GIVING BACK

The involvement of our alumni and gifts to UCLA make a lasting contribution – to students, communities, and the world. By investing in the promise of human potential, UCLA’s alumni, faculty, and friends demonstrate confidence in the power of knowledge to improve people’s daily lives.

The impact of such philanthropy is measured in problems solved, innovations sparked, diseases cured, and lives enriched. Gifts to UCLA of every size enable transformations in the department. The University of California faces new state-budget-drive challenges next year, but support from alumni and friends like you make a difference in the life of the UCLA Economics Department.

We encourage you to consider a gift to the UCLA Economics Department. Alumni and friends who are, or wish to become, Chancellor’s Associates may now direct their annual gifts to the UCLA Department of Economics and retain all of the benefits that have traditionally been given to Chancellor’s Associates. For information, visit <http://www.uclafund.ucla.edu/leadership/index.html>.

Alumni interested in making a gift or getting involved with the Department should contact Eric Nakano in the development office at (310) 825-8633 or email at enakano@support.ucla.edu. Thank you for supporting the work and many achievements of the UCLA Economics Department.