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Department of Economics Mission Statement

UCLA’s Economics Department has two interlocking objectives. We conduct cutting edge research by developing new methodologies and applying them to understand society’s most critical issues. We also seek to train the next generation of economic leaders in the private sector, government and academia.
Could you tell us a little about the research you do?

My research concentrates on the determinants of mortality (what explains why some individuals or populations live longer lives). Mortality is an excellent measure of the welfare of individuals, longer healthier lives are a goal must would like to pursue for its own sake. Mortality is also highly correlated to other quality of life indicators like one’s income and environment. I study the social and economic determinants of mortality. For example in my dissertation I have documented that more educated individuals live longer as a result of their greater schooling.

In recent years I have become more interested in how social policies affect mortality (and other indicators of population welfare like incomes). The project that I received the award for investigates whether cash transfers to poor families improve the lives of their children. A substantial literature in the US has investigated whether giving money to poor moms affects their labor force participation, marriage, fertility and geographic location. But surprisingly almost no work investigates whether the monies helped the children growing in poverty do better in life.

We collected data for more than 16,000 children whose mothers applied for the Mother Pension program between 1911 and 1930. This program targeted poor mothers with children and it was the predecessor of our current welfare program TANF. Recipients received transfers equivalent to about 30% of family income and these lasted for about 3 years. The records were linked to 1940 census data, WWII enlistment records and death certificates to assess long term outcomes. We compared children whose mother got money with children whose mother applied but were turned down, most often because they were not deemed poor enough. We found large benefits of the transfers: boys in recipient families eventually had more schooling, higher incomes and lived between 1 and 2 years longer lives.

We are currently working on collecting additional data to determine how mothers fared, and how they responded to the transfers. Ultimately the goal will be to understand why children did better with the transfers.

What are some of your upcoming projects and/or publications?

I have several exciting projects. In one we use data on mortality and GDP from 32 countries since 1800 to investigate how economic conditions affect mortality rates. We find that expansions are often accompanied by increases in mortality and recessions lower it. This counter intuitive result was already documented in selected countries and in recent years. We find new evidence that this counter intuitive finding is driven by the increases in pollution that accompany economic expansions, and by the increased alcohol consumption that more money allows. But we also find that despite these short term negative effects, individuals growing up and graduating in good times tend to live longer lives.

I am working on a theoretical piece with Flavien Moreau, a graduate student here at UCLA. May studies find that events in utero, early in childhood and at different times in the lifetime have long term impacts on mortality—for example individuals who are exposed in utero to low nutrition, stress and toxins appear to have elevated cardiovascular disease and mortality starting at ages 45. But there is no single theoretical model that can help us trace
how these events at different points in the lifetime affect the life expectancy of populations. We provide such a model. And we use it to understand whether compensation is possible and how it should be done—that is if we can identify someone who has suffered an adverse shock early on what can we do to redress this?

I am also working on a very exciting new project investigating the long term effects of New Deal Programs, meant to alleviate unemployment and poverty during the Great Depression in the United States. We have collected administrative data on about 30,000 youths who participated in the Civilian Conservation Corps program which offered training and wages to poor young men who were willing to work in land conservation projects, such as the development of national parks. We are tracking these men plan to study whether they benefited from participation in the program by obtaining greater wages and employment and living longer lives.

What is the most fulfilling part of the research and teaching that you do at UCLA?

My interactions with students and with faculty that are not on my field. I enjoy teaching particularly graduate students. I also work on areas that benefit a lot from interdisciplinry views, coming from biology and demography, public finance, statistics, and macro. The department is very strong in many of these areas, and so is the university at large.

What got you interested in the intersections of health and economics?

Pure luck! I worked on something in graduate school for a while but that project didn’t pan out. But as a result of this failed attempt I did meet a wonderful woman Sherry Glied who worked on health and health care economics. She got me interested in the subject and eventually became my advisor and co-author. And here we are! I find it a fascinating field and I have no plans to stop working on it.
FacultY News

Jonathan Vogel

Professor

Jonathan Vogel joins us from Columbia University as a Full Professor. Professor Vogel is an expert in International Trade. His research interests focus on trade, and its relationship to the skill premium and immigration. His latest research study posits that variability in the labor-market consequences of immigration can be accounted for by unseen differences in regional labor-market adjustment mechanisms. Using insights from international trade and methods from labor economics, he investigates how regional comparative advantage at the occupational level combines with varying tradability of goods and services to create strong variation in how U.S. local labor markets respond to immigration.

Volker Nocke

Professor

Volker Nocke joins us from Mannheim as a Full Professor. Professor Nocke is an expert in Industrial Economics and International Trade. Much of his recent work has been concerned with mergers and competition policy. Professor Nocke’s research focuses on an industry-level “conflict statistic” that summarizes the relative competitiveness of the domestic and foreign markets. One of the conclusions he draws is that as trade costs keep falling, veto rights over foreign mergers will become more important, and the introduction of a hypothetical supranational agency will become more valuable.
Michela Giorcelli

ASSISTANT PROFESSOR

Michela Giorcelli is an economic historian, with interests in labor economics and the economics of innovation. Her most recent research focused on how the Marshall Plan in the 1950s impacted Italian industry. She found that the Marshall Plan’s training of Italian managers had compounding positive effects on Italian business up to 15 years after the program had ended. These findings have very important implications for current US policy toward development aid to developing countries.

QUICK FACTS

Want to learn more about our faculty?

Go to: http://economics.ucla.edu/faculty/

PHD SPOTLIGHT

By Sos Bagramyan

Ruoyao Shi

Ruoyao Shi is a recent graduate from UCLA’s PhD program and recently got a job as an Assistant Professor at the University of California, Riverside. The UCLA Economics Department Newsletter recently interviewed Ruoyao to learn about her professional and personal experiences at UCLA’s graduate program:

Could you tell us a little about the research you do?

As an econometrician, my research mainly develops new quantitative methods for applied economists to use in their empirical research. Recently, it has been focused on better methods for analyzing and quantifying the sources of income inequality. Currently available methods are based on only the statistical correlation between income and, for example, worker’s education level. But they lack the grounds for explaining and predicting the choices that people make under economic incentives. I developed a new method that uses more economics reasoning. It would potentially give you a more precise analysis, especially if you are considering inequality among a large group of people. Apart from this, I also collaborated with
Prof. Zhipeng Liao at UCLA and Prof. Xu Cheng at U Penn on a paper about using invalid instrumental variables to improve estimation of parameters.

What are some of your upcoming projects and/or publications?

The above-mentioned project on the method for analyzing inequality is close to completion. And after that, I would love to apply this method to quantify the sources of the recent changes in income inequality. Besides, the instrumental variable paper is under review for a journal.

What is the most fulfilling part of the research and teaching that you do at UCLA?

The highlight of my research at UCLA was when Prof. Moshe Buchinsky told me that he truly believed that applied economists, including himself, would use my method to analyze inequality. Such comment was enormously encouraging to me.

My best memory of teaching at UCLA was that I TA’ed the first year graduate econometrics III. It was challenging but I also learned a lot. I still remember that at the end of my last TA session, all of the students stood and applauded, shouting "You are the best TA ever!"

Graduate school is a very challenging time in one's life. Can you describe a major challenge you faced, and overcame while finishing your PhD?

As an international graduate student, at the beginning my language skill level and confidence level were both modest, at best, when it came to public speaking. But I benefited a lot from my teaching experience at UCLA. The weekly two-hour TA sessions and interactions with students during my office hours polished my language and enhanced my confidence. I gradually became quite good a presenter, which helped me effectively communicate my research with people on seminars and conferences.

ALUMNI SPOTLIGHT-
JULIE LEE

By Harsh Gupta

You may have not heard of Julie Lee, but you have definitely heard music on Vevo. A founding member of Vevo, Julie helped revolutionize the music video industry. Immigrating to the United States as a child, Julie embarked on a journey that has since taken her across the world. Today, Julie is a business executive, entrepreneur, leader and mother.

In fact, she is just as energetic and driven today as she was when she first arrived at UCLA. A natural leader, Julie served as President for a business club on campus. She remarks that the greatest thing about UCLA was the network and mentors she had. In particular, one of her most influential mentors was Dr. McGarry, the former chair of the UCLA Econ Department. A confluence of great beginnings happened as one of Julie’s first Economics classes was also one of the first classes taught by Dr. McGarry at UCLA. Julie remarks that Dr. McGarry mentored her outside the classroom even though she had no obligation to do so. These interactions taught her the importance of learning through experiences, and understanding how the knowledge you learn in the classroom translates into the real world. Perhaps the most crucial impact in Julie’s life was when Dr. McGarry encouraged her to apply to the Departmental Scholar Program (DSP). Julie was initially hesitant about the program, since it required her to add another year to her education which was beyond her financial means. However, Dr. McGarry told her to apply for the Regent Scholarship which would fully fund her education. Heeding her advice, Julie applied to both the programs. Given the high bar of being accepted into the DSP, Julie thought she had no shot. However, Julie was wrong: she got accepted as a Department Scholar and a Regent
Scholar.

The Departmental Scholar Program proved to be the highlight of her life at UCLA. She got the opportunity to interact with graduate students who had a lot more experience than she did. She considered this to be an extremely humbling experience as she realized she was not the smartest person in the room. In addition, the graduate students came from a multitude of countries and walks of life. This was an enriching experience and prepared her for life outside UCLA. Furthermore, graduate classes were much more intimate. She believes the camaraderie that came from suffering together allowed all of the students to become extremely close. This is exemplified by the fact that she met Dr. Nahm, her best friend of twenty years on the first day of classes. Dr. Nahm, who is currently the Chair of the Economics Department at Kookmin University, and Julie are still as close as they were during their time at UCLA.

After graduating with a master’s and a bachelor’s degree in 4 years, Julie entered the professional world by working at Ernst & Young. She describes moving into the professional world as being dropped into the ocean. However, due to mentors like Dr. McGarry, she was able to wade in the water through her numerous internships while still at school. Furthermore, by studying Business Economics at a large school, her transition into professional life was made much easier. She decided to work at EY because she wanted to understand the service industry and learn how to professionally manage money. She believes that these skills are important whether you are a CEO, CIO, or President, all of which are positions she has held in the past 20 years.

After working at EY for a few years, Julie worked for Universal Music Group and then decided to move onto a project where she would have a larger impact. Beginning in the early 2000s, there was a substantive surge in music video demands; however, revenues for music companies like Google to redesign how music videos were distributed to consumers in the age of the internet. She played a key role in devising the hyper distribution model where consumers can access content whenever and wherever they want. Using then unheard-of media channels like YouTube and AOL, Vevo helped revolutionize how music is heard today. Vevo’s relationship was a landmark one in that it set the stage for a publisher ecosystem that ultimately paved the way for multi-channel networks.

However, revolutionizing the world’s music doesn’t come without hard work and long hours. Working at Vevo eventually began to take a toll on her work-life balance. “While incubating Vevo, I incubated a little boy” wryly comments Julie. In the years after her son’s birth, she spent a lot of time at work and not enough with her son. One day, when she was working on the Asia strategy for Vevo in Singapore, her 4-year-old son asked her why she was working. Julie had no answer. On the flight back to LA, she contemplated the simple question her son had asked, and the very next day, she decided to start a ten-month transition process onto her next adventure.

After departing from Vevo, she traveled the world with her son for 9 months which allowed her to spend quality time with him. It was her son’s curiosity that drove her to start EdTwist, a curated search engine for children. The project partnered with entities like UNESCO and JPL to foster curiosity among children. However, EdTwist eventually began to move in a direction which was beyond Julie’s realm of expertise. This subsequently spurred Julie’s recent move to Hong Kong to serve as the Chief Innovation Officer at Edipresse Media Asia, a premium media company inspiring, enabling and connecting communities of discerning consumers across Asia with brands including Asia Tatler. As an Asian mother, she wanted her son to live in Asia and become a true global citizen. She believes that although LA is described as a melting pot, it is really a salad bowl and the best way to learn about a culture is to live amongst its people. With a desire to work in
a dynamic growing economy, she looks forward to the adventures which Asia has to offer.

Julie attributes her success to her affinity to take calculated risks. She argues that as economists, we should never take decisions without considering the short and long-term return of our decisions. She often agreed to work for less money if the opportunity was a new adventure that promised good returns. Furthermore, her decisions are made based on four major factors: money, people, legacy and location, emphasizing that you need to understand your expectations and priorities. When she was fresh out of college, money was a very important factor. However, as her career progressed, her focus shifted away from earning money and towards other people and her own legacy. Her advice for students would be to embrace risks. An easy life is not an interesting life. Risks are intimidating at first. However, climbing over one mountain will give you the confidence and the motivation to climb over the next mountain. As you continue to take risks, you will become more and more comfortable with overcoming hurdles. She contends the importance of finding a network of people that support you when you fail. Her success would not have been possible without the support of Dr. Lee, her husband, and Dr. Nahm, her best friend (both extremely successful fellow Bruins). Going to UCLA has enabled her to acquire both a close network of supporters and a handle for calculated risk taking which has brought her success in her professional and personal life.

Alumni Spotlight - Karen Williams

By Harsh Gupta and Sena Ustuner

Karen Williams’ success as a businesswoman, educator, and leader are testament to her ability to make smart calculated decisions, and her self-described scrappiness. Her long, winding, and triumphant journey has taken her through many paths and many pivots. A journey that started, right here, at UCLA.

Williams looks back at her undergraduate years very fondly. Initially enrolled as a pre-med student, Williams soon switched her major to economics. She fondly recalls that she really began to thrive when she switched her major, believing that she found her true calling. She enjoyed being able to take a variety of courses and emphasizes how UCLA allowed her to become an open-minded individual. She initially wanted to work in a more creative job, but unfortunately that was not financially feasible. Like so many students today, she had to find a way to merge feasibility with her passion for creative endeavors. After receiving her B.A. degree, Williams moved to the East Coast to work as an auditor. She urges all Californians to leave California and see what awaits outside.

After working as an auditor for 4 years, Williams concluded that she was not able to utilize her creativity and critical thinking skills at her job. She knew it was time for another pivot. Williams decided that her true passion lied in marketing and brand management and decided to enroll in an MBA program to pursue her goal. With a desire to build a stronger business and leadership foundation, Williams came back to pursue her MBA at UCLA Anderson. While at Anderson she was a part of the Executive Board of Women’s Business Connection and a member of the Marketing Club. Williams recalls being very involved during her time at Anderson because the atmosphere was
Very conducive to her success. It was as if she had found her way back home

With lifelong friends at her side and indispensable skills she gained from UCLA, Williams was ready to venture into the marketing and brand management industry. She started her career in Brand Management at Johnson & Johnson, and Sara Lee. A few years later Williams began her journey in the media industry.

Williams says that she had always been drawn to the media industry. “I used to hang out with Theatre, Film, and Television majors and interned in CBS studios for a quarter (as an undergraduate)” she recalls. She describes working in marketing using the analogy of a candy shop. “I feel like marketing is similar to being an entrepreneur, it’s like managing your own little candy shop, it’s the closest thing to general management.” She highlights the structural differences between a regular corporate role and working for entertainment media. At the time, there was very little training for fresh undergraduates. She learned how to dive into a problem and tackle it using her scrappiness and resourcefulness. Needless to say, her educational background proved to be a valuable asset. She believes that since then many higher-education institutions have improved their process for preparing students for industry roles. Anderson Center for Management of Enterprise in Media, Entertainment & Sports (MEMES) being one of them. “When I went into the industry in the 2000s, something like that never existed” she comments. Enthusiastic about these changes, Williams chose to be a part of them. This brought her to the next big pivot. She began her career as an educator and leader.

Williams emphasizes the timing of her shift from the private sector to the public sector. Feeling as though she had reached all her goals in the media industry, Williams thought it would be best to transition while she was ahead of the curve. Williams started her career as an educator and counsellor at USC Marshall as a MBA career advisor. Later, she was recruited by Anderson as an executive director at MEMES. She advises students to thoroughly think about their decisions and to “take a step back before you take a step forward.” As someone with a lot of wisdom in career development, Williams underscores the significance of leadership. She emphasizes that leadership is not only leading people but also leading processes and plans. She stresses the ability to lead from point A to point B with dedication and responsibility. Williams embodies this philosophy through her actions as Director at MEMES. Some of her projects like the Big Data Conference and MEMES Summer Institute have become an important of the Anderson experience.

The next pivot in Williams life came, when she decided to pursue a challenge very close to her heart. Williams mentions that although Black, Hispanic and Native Americans make up 30% of the population, they only hold 3-4% of senior leadership roles. This motivated Williams to join Management Leadership for Tomorrow (MLT), an organization that offers mentorship programs for rising leaders of color. Starting out as a counsellor, Williams is now helping disadvantaged students succeed in an increasingly competitive world. Diversity and inclusiveness carry a special meaning for Williams, and she looks forward to taking on larger roles at MLT in the future.

Williams’ passion for educating the next generation of leaders is reflected in her work outside her day job. From the President of the Anderson African American Alumni Association to Advisor for the Academic Advancement Program, Williams has always been involved with the UCLA community. In the future, she wants to continue giving back to the UCLA community.

Williams’ biggest advice for undergraduate students today is to “understand the way that leads to your end goal and figure out where you have gaps, and then create S.M.A.R.T. goals to fill these gaps”. This is something she has done in her own life; and if we look at the success she has achieved, the effectiveness of it is self-evident.
AMAZON’S CHIEF ECONOMISTS SPOKE AT UCLA

By Sos Bagramyan

Amazon’s Chief Economist, Pat Bajari, recently gave a talk at UCLA as part of the Master of Applied Economics program’s Distinguished Speaker series. His talk focused on the way in which Amazon, and companies like it, use big data to predict consumer demand. Accurate predictions make for a more efficient firm without too much or too little inventory on its hands and for happier customers who have products when they want them. Dr. Bajari highlighted the many statistical challenges in predicting consumer demand such as dealing with lots of zeros. He also emphasized the practical challenges, including running models using several terabytes of data, and discussed how economists and computer scientists have been successfully collaborating in analyses. Does Amazon’s data give it a competitive advantage? Dr. Bajari showed that while you need data, there are rapidly diminishing returns to obtaining additional data.

MAE DISTINGUISHED SPEAKER SERIES: COMPETING VIEWS ON THE US ECONOMY

By Sos Bagramyan

Where is the US economy headed? Two speakers in the Master of Applied Economics program gave different views. Robert Barro, the Paul M. Warburg Professor of Economics at Harvard University, emphasized the benefits to economic growth of the new tax cuts. His bottom line was that the tax package will raise GDP growth by 1% for 2018-19, with changes in individual income taxes driving this response. Over the next ten years, lower corporate tax rates will raise GDP by 0.3% per year.

Martin Feldstein, the George F. Baker Professor of Economics at Harvard University and President Emeritus of the National Bureau of Economic Research, was less optimistic. He discussed many different facets of the economy, and first shed light on some of the things that are going well in the United States. He touched upon inaccuracies in the Bureau of Labor Statistics’ conclusions about the consumer price index, as they underestimate quality improvements in goods. He also discussed the way in which the recent corporate tax cuts would benefit the economy: namely, that they would stimulate more capital investment and increase productivity. Dr. Feldstein, however, was worried about fragility in the US economy.

Reforms to individual taxes, passed to obtain political support for corporate tax reforms, would likely lead to growing deficits. Feldstein also argued that low short-term interest rates have led to high asset price behavior rather than interest rates are likely to rise as inflation picks up.
Dear Alumni and Friends of the Department of Economics:

The research and teaching excellence of our department increasingly relies on the generosity of our alumni, parents, and friends. Over the last ten years state funding per student has declined by 40%. Rising Medi-Cal expenditures and unfunded pension obligations are leaving an ever smaller sliver of the state budget for higher education. We need your support to maintain our hard-earned position among the very best Economics departments in the world.

UCLA Economics has a young and active faculty whose research is shaping policy and informing the public on critical issues affecting the United States and the world. Our work covers a diversity of topics such as anti-trust policy, competition in health care markets, managerial practices and productivity, the trade-offs between lending and liquidity risk, the impact of immigration on the labor market, and the effect of early life investments in children on their later outcomes. Many of our faculty have received special recognition for their body of research by election to prestigious institutions such as the National Academy of Science, the American Academy of Arts & Sciences, and the Econometric Society, or have received such celebrated awards such as the Guggenheim and Sloan Fellowships.

The faculty and graduate students teach 3200 majors and pre-majors, 1,000 more than we did 10 years ago, even though we are now a smaller faculty. We are striving to improve the undergraduate experience in many ways, including by bringing our alumni back to campus to teach our students how to apply their training as economists to the real world.

We are extremely grateful that last year we received pledges for two endowed term chairs, including one from Venu (B.A., B.S. ’95, M.B.A. ’99) and Ana (B.A. ’93, M.B.A. ’99) Kotamraju. This year we received a pledge for an endowed term chair from Charles E Davidson (B.A. ’74, M.B.A. ’77) and a pledge from Albert Lee (Ph.D. ’99) for the Summit Fellowship in Applied Economics. Contributions such as these enable us to attract the best faculty and students to UCLA.

We are deeply appreciative of your generosity and I will take great care to use every dollar in the way that provides the greatest value to our students, faculty, and to the broader community.

Best Regards,

Dora L. Costa

Chair, Department of Economics
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Note: The views expressed in this newsletter are those of the authors and do not necessarily represent or reflect the views of the UCLA Department of Economics.