

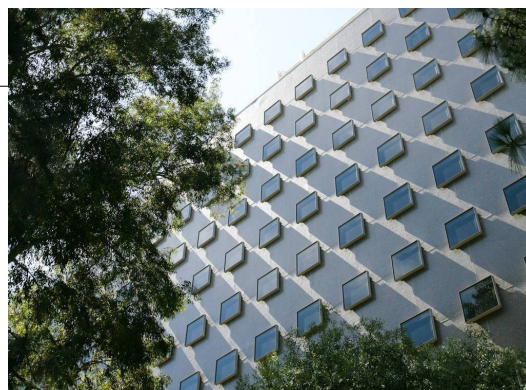
Undergraduate Newsletter

Welcome Back Bruins!

“Moments are the elements of profit.”—Karl Marx

Attention Juniors: Internship Applications Due Soon!

Internships are the best way to secure a full-time position even before you graduate. Many banks, consulting firms, investment firms, and accounting firms organize internship programs for college juniors who will be graduating in the 2017 academic year. Most applications are due by the end of January, while others may be due in February. Check out the latest job postings on “Economics Career Network” on the CCLE Economics Counseling site or through the career center. Please be aware that “On-Campus Recruitments” are only available to students who attended workshops with the Career Center.



Summer Economics at UCLA: There’s No Better Way to Graduate Early

The following courses are expected to be offered during the Summer Sessions:

Economics 1: Principles of Economics (Introductory Microeconomics)
Economics 2: Principles of Economics (Introductory Macroeconomics)
Economics 11: Microeconomic Theory (Part I)
Economics 41: Statistics for Economists
Economics 101: Microeconomic Theory (Part II)
Economics 102: Macroeconomic Theory
Economics 103/103L: Introduction to Econometrics
Economics 106F: Finance
Economics 106G: Game Theory
Economics 106P: Pricing and Strategy
Economics 122: International Finance
Economics 160: Money and Banking

Important Dates and Notices

Last day to add courses with a fee through MyUCLA: **1/22/16**
Last day to DROP nonimpacted courses without a transcript notation and with a fee: **1/29/16**
Last day to change grading basis (optional P/NP) with fee through MyUCLA: **2/12/16 (Week 6)**
Last day to DROP nonimpacted courses with transcript notation and fee through MyUCLA: **2/19/16 (Week 7)**
Last day to WITHDRAW from current term: **3/11/16**
Final Examinations : **3/14/16-3/18/16**

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ECON TALK : Professor Saki Bigio

Professor Bigio received his Bachelor's degree from Universidad del Pacifico in Peru before receiving his PhD in Economics from New York University in 2012. His research involves Microeconomics, Banking, and Finance. Before joining UCLA, he was an assistant professor at Columbia University.

Q: How did you become interested in economics and research?

"Basically, I got into economics by chance. I got into architecture school first. I was debating whether to do industrial engineering or architecture. Economics was not my strongest interest at that time. Because I'm from Peru, when I talked to my dad, he told me that Peru doesn't hire architects. He told me that I should pursue a business degree instead. At first, I found business to be quite boring, since business classes were stating the obvious. In my second year of college, I took a class on growth and business cycles. From then on, I developed a deep interest for economics."

Q: Could you describe a research project that you find particularly interesting?

"Nowadays, I'm interested in monetary economics. When I was pursuing my PhD, I wasn't necessarily interested in monetary economics, but financial macroeconomics. But, it turns out that both topics are very intimately related. Currently, I'm working on two projects that are related to monetary economics. The first pertains to a development of a model that explains how monetary policy is implemented. In existing theories, there's a leap from the explanation between how we think the Federal Reserve affects the macro economy and how it actually carries out its policies. Typically, macroeconomics assume that the Federal Reserve has automatic control over the interest rates and the economy. But in practice, it actually affects them indirectly. So I am developing a model that formulizes the idea that the Federal Reserve affects the economy through indirect actions. Another project that I am currently working on with another colleague, aims to explain the institution where banks use reserves to clear transactions among themselves. When a bank loan is made, a liability is created, which then becomes a medium of exchange. Our ultimate goal is to understand what kind of problems can arise, considering that banks are issuing liabilities."

Q: What are your favorite topics to teach?

"I like economics in general. I can't say that there's a particular topic that I like to teach. I certainly focus on certain areas in research, since I have developed some strengths. But in general, I'm not interested in just one specific area in economics."

Q: Why have you decided to move to UCLA?

"It is a very collegial department. I admire my colleagues and I enjoy interacting with them, which makes UCLA a very special place. I like the fact that the ratio of IQ to humbleness with regards to my colleagues is pretty nice."

Q: Please tell us something non-academic about yourself.

"I'm very interesting in seeing Peru go to the World Cup, since Peru has not gone to the World Cup since I was born."

Q: Do you have anything to pass on to the current economics students here at UCLA?

"I think studying economics is a great thing. It is a very flexible career and it prepares you to do a wide range of things. Economics trains your brain in a particular way. The main challenge for students is finding balance between having fun, which is very important, and studying hard. Students that are the happiest find that right balance."

Contributor: Nia Hampton



Opinion: Where is the Chinese Economy Heading?

Recently, it was reported that China was experiencing slowing export growth, had an increase in bad loans, and had a weak industrial sector. On August 11, 2015, China devalued its currency. Additionally, China's government resolved to buy a substantial amount of shares worth 1 trillion yuan (\$ 156 billion). Both of these attempts were meant to boost the country's economy. However, those attempts not only failed to achieve its primary goal, but also led to a pessimistic outlook of a declining economy, causing a further fall in its stock market. As China's stock market plunged, the global stock markets faced a decline. Noticeably, China plays a huge role in influencing global stock markets. Investors are monitoring China's stock market as a benchmark for their own investments. China's stock market was forecast to fall in the near future, but is that accurate? Or, will the stock market rise even though the outlook seems gloomy?



I argue that China's stock market can withstand this shock and rise against the odds. One reason is that the stock market is growing after the recent plunge. The above graph is the Shanghai SE Composite Index, a major stock market index in China. The graph shows that the stock market declined from a high point of over 5,000 to about 3,000, but it slowly increased after that. The slow and emerging increase indicates that China is starting to recover from its decline. If this increase continues into the year 2016, it might depict an increase to an optimistic level of around 4,000-4,500 at the end of the first quarter. This turnaround therefore helps illustrate my point that China's stock market will rise. Not only that, most of China's citizens do not invest in stocks. According to *The Economist*, "Less than a fifth in China's household wealth is invested in shares." Therefore, the decline in stock market did not affect the economy as gravely as expected. There is also high consumer spending in China, indicating that the economy is staying strong and business prospects are optimistic, as people continue to spend. Moreover, the housing market influences the economy more than equities do. Drawing back on *The Economist* article, it states that, "...housing and land, account for the vast majority of collateral in the financial systems." Although the rise in housing prices is slowing, it shows that there is demand for housing. Consequently, as the economy stays robust, the stock market can rebound from its low. Although the manufacturing sector declined, the service sector showed a promising prospect. Technology and health care stock prices are increasing. These measures undermine the notion that China's stock market will further decline.



I postulate that China's stock market is not going to decline as expected. However, critics may claim that the stock market is currently experiencing a shift from "bullish to bearish." If that is the case, as the capacity to grow reaches its peak, the stock market will possibly decline. Nonetheless, most measures are pointing towards a "bullish state." It can safely be assumed that the stock market will not decline in the near future.

Questions?

UCLA
Department of Economics
8283 Bunche Hall
Mail Stop: 147703

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mentations due to this competition? What happens when they track you and use the personal data they collect on you? These are some of the types of questions that we are interested in.

What can undergraduates do to increase job prospects and what is the job outlook for students who major in Economics?

In a sense, economics majors are in a good position when entering the job market because you will have one of the most employable majors on campus. Having a good understanding of basic economics is useful in almost every job. One thing that is important, especially if you want to go into finance or consulting, is to take advantage of the summers and try to get good internships. The experience you get will be useful, not only because you will learn about the job, but also about whether you will actually enjoy working in such a position after you graduate.

What are your favorite topics to teach?

I'm excited about teaching Behavioral Economics (**Econ 148**) for the first time this winter. In class, we will be reviewing some of the standard assumptions made in economics and examining evidence on how human behavior systematically departs from these assumptions. We will then study attempts to explore alternative models of human decision-making and assess to what extent these alternative models help improve economic analyses.



Contributor: Xiang Yang Ng

Econ Talk: Professor Jay Lu

How did you become interested in Economics and Research?

I first began my studies in mathematics and biology, but gradually became more interested in economics. As a field of study, economics uses rigorous modeling tools to answer questions regarding human behavior in both individual decision-making and strategic interactions. It offers the right methodological blend of the theoretical formalism used in mathematics with the descriptive realism that we see in biology. For example, in the relatively new field of Behavioral Economics, researchers incorporate insights from psychology and other social sciences in order to improve on existing models of economics analysis. The broad goal is to strike the right balance between having a level of abstraction that makes it easy to focus on the key economic forces at work and ensuring that the assumptions going into the model are consistent with existing evidence on how people behave.

Can you describe a research project that you find particularly interesting?

Recently, I've been working on a joint project with Professor Simon Board. We study competition among firms in regards to information disclosure. For example, when you book a hotel online, there are a variety of websites or apps (e.g. TripAdvisor, Expedia, etc.) that you can go to in order to search and learn about the different offerings. How do these websites compete with each other? Do they release more informative reviews and recom-

Why have you decided to come to UCLA?

The UCLA Economics department is one of the top-ranked economics departments in the world. We have faculty from a broad range of fields engaged in cutting-edge research. I can learn a lot from them. Moreover, they are also just amazing people and great to grab a coffee with and just chat.

Please tell us anything non-academic about yourself that you would not mind sharing?

I've spent most of my life on the east coast so the attractions of moving to LA include: the 75 degrees weather over Thanksgiving as well as jogging along Santa Monica beach throughout the year.

Do you have any information to pass onto the economics undergraduates here?

Try new things. You have a ton of interesting courses and activities offered here at UCLA. Take advantage of them. Years later, you will look back and miss the flexibility and freedom that you are enjoying now. After graduation, when will you get three months off for "summer vacation"? Use this time to travel, gain new experiences or acquire a new skill set. Think about it, and have fun.