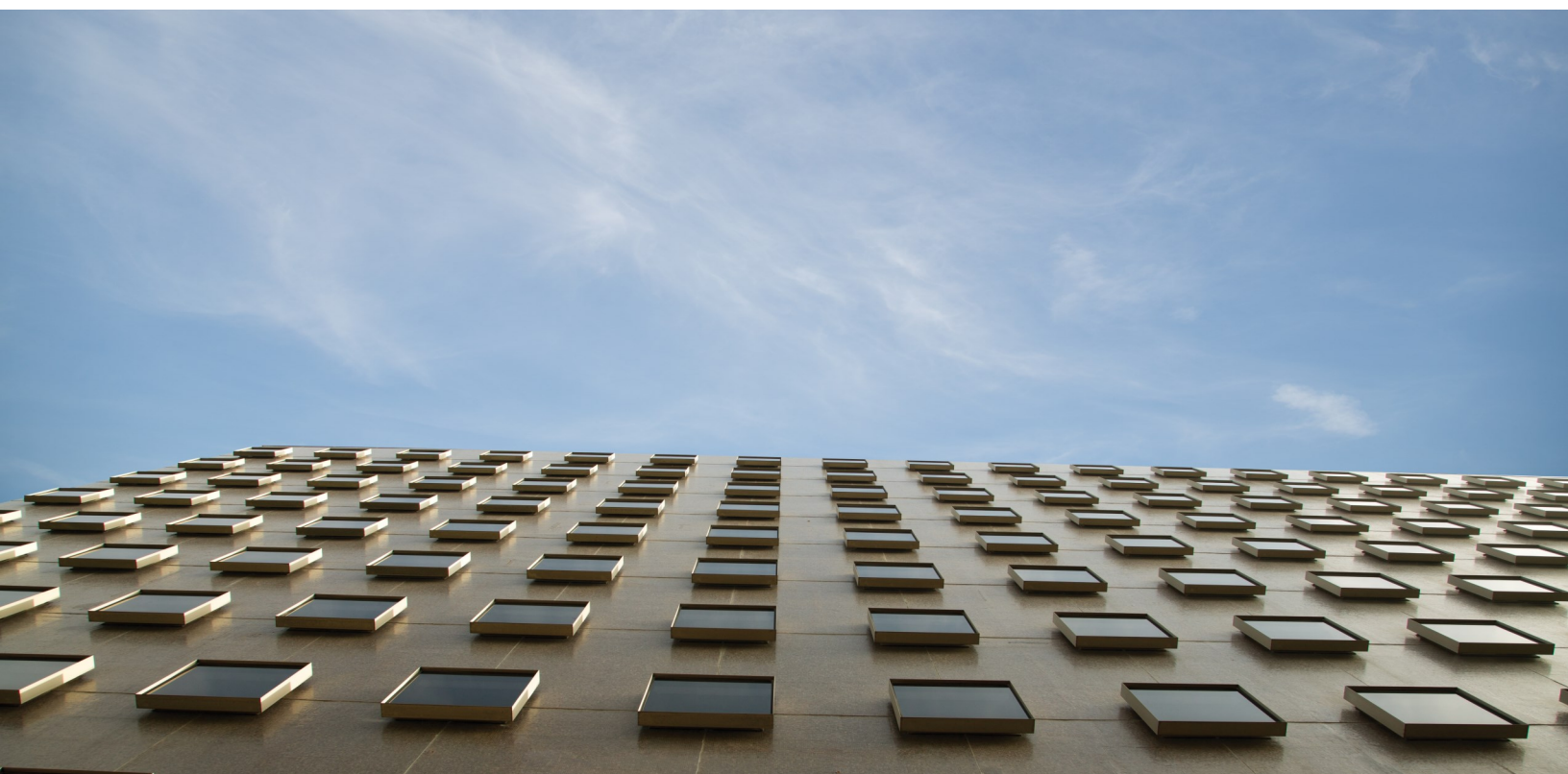


ECONOMICS

DEPARTMENT NEWSLETTER

SPRING 2018
VOL.1 / NO.1

Published by the UCLA Department of Economics
Editor: Sos Bagramyan



IN THIS ISSUE

Faculty Spotlight
Faculty Snapshots
Ph.D. Spotlight
Alumni Spotlight
MAE Distinguished
Speaker Series
Letter from the Chair
Contact Us

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.

FACULTY SPOTLIGHT

By Sos Bagramyan

On January 9, 2017, President Obama named Adriana Lleras-Muney as a recipient of the Presidential Early Career Award for Scientists and Engineers (PECASE), the highest honor bestowed by the U.S. government on science and engineering professionals in the early stages of their independent research careers.

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

My research concentrates on the social and economic determinants of mortality (what explains why some individuals or populations live longer lives). Mortality is an excellent measure of the welfare of individuals—a longer, healthier life is a goal most 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. 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 United States 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 these children do better in life.

We collected data for more than 16,000 children whose mothers applied for the Mothers' Pension program between 1911 and 1930. This program, which targeted poor

poor mothers with children, was the predecessor of our current TANF welfare program. Recipients received transfers equivalent to about 30% of family income; these lasted for about three years. The records were linked to 1940 census data, World War II enlistment records, and death certificates to assess long-term outcomes. We compared children whose mothers got money with children whose mothers applied but were turned down. (Most often, this was because they were not deemed poor enough.) We found large benefits of the transfers: boys in recipient families eventually had more schooling, had higher incomes, and lived between one and two years longer.

We are currently 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, my colleagues and I 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 counterintuitive result was already documented in selected countries and in recent years. We find new evidence that this counterintuitive 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. Many studies find that events in utero and early in childhood 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 age 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. We have collected administrative data on about 30,000 youths who participated in the Civilian Conservation Corps, a program that offered training and wages to poor young men who were willing to work on land-conservation projects, such as the development of national parks. We are tracking these men to study whether they benefited from 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 who are not in my field. I enjoy teaching, particularly graduate students. I also work in areas that benefit a lot from interdisciplinary views, coming from biology and demography, public finance, statistics, and macroeconomics.



[Adriana Lleras-Muney](#)

The department is very strong in many of these areas, and so is the university at large.

[What got you interested in the intersection 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 healthcare 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.

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 (one without too much or too little inventory on its hands) and for happier customers (who can get 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.

FACULTY SNAPSHOTS

Ph.D. ,Economics,
Princeton University, 2007

B.A. Economics &
Mathematics Columbia
University, 2001



Jonathan Vogel

P R O F E S S O R

Jonathan Vogel joins us from Columbia University as a full professor. Professor Vogel is an expert in international trade. His research focuses on trade's 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.

Ph.D., Economics,
London School of
Economics, 1999

B.A., University of Mainz
Microeconomic Theory, 1990



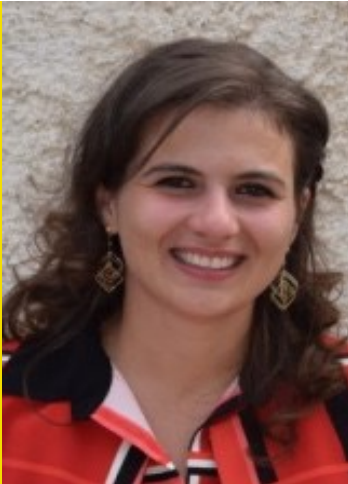
Volker Nocke

P R O F E S S O R

Volker Nocke joins us from the University of Mannheim as a full professor. Professor Nocke is an expert in industrial economics and international trade. Much of his recent work has explored mergers and competition policy. His research focuses on an industry-level "conflict statistic" that summarizes the relative competitiveness of domestic and foreign markets. One of his conclusions 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.

Ph.D., Economics Stanford University, 2016

M.Sc., Economics, Allievi Program, Collegio Carlo Alberto (ITA), 2010



Michela Giorcelli

A S S I S T A N T
P R O F E S S O R

Michela Giorcelli is an economic historian whose interests lie in labor economics and the economics of innovation. Professor Giorcelli's most recent research study focuses on how the Marshall Plan in the 1950s affected Italian industry. She found that the plan's training program for Italian managers had compounding positive effects on Italian business up to 15 years after the program ended. Her findings have important implications for current U.S. policy regarding aid to developing countries.

MORE INFORMATION

Want to learn more about our faculty?

economics.ucla.edu/faculty

PH.D. SPOTLIGHT



Ruoyao Shi

By Sos Bagramyan

Ruoyao Shi, who earned her Ph.D. in econometrics from UCLA in 2017, recently got a job as an assistant professor at the University of California, Riverside. We interviewed Ruoyao a few months back to learn about her professional and personal experiences at UCLA's graduate program in economics.

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, a worker's education level. But these methods 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 Professor Zhipeng Liao at UCLA and Professor Xu Cheng at UPenn 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 recent changes in income inequality. Besides that, the instrumental-variable paper is under review for a journal.

What was the most fulfilling part of the research and teaching that you did at UCLA?

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

My best memory of teaching at UCLA was that I TA'd 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 Ph.D.?

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



Lee Julie

By Harsh Gupta

You may have never heard of Julie Lee, but you have likely heard (and watched) music on Vevo. Ms. Lee, a business executive, entrepreneur, mother, and co-founding member of Vevo, has helped revolutionize the music video industry. Since immigrating to the United States as a child, Lee has embarked on a journey that has taken her around the world.

Lee is just as energetic and driven today as she was when she first arrived at UCLA. A natural leader, Lee served as the president for a business club on campus. She says the greatest thing about UCLA was the network here. And her mentors—in particular, Kathleen McGarry, who chaired the department at the time. It was a confluence of great beginnings: one of Lee's first econ classes was also one of the first classes taught by Dr. McGarry, who mentored Lee outside the classroom, even though she had no obligation to do so. Their interactions taught Lee the importance of learning through experiences, and understanding how the knowledge you learn in the classroom carries over

into the real world.

When Dr. McGarry encouraged Lee to apply to the Departmental Scholar Program (DSP), she was initially hesitant—she knew that DSP was notoriously selective, and that it would have required another year of schooling, which was beyond her financial means. Dr. McGarry urged her to apply also for the Regent Scholarship, which would fully fund her education. Eventually, Lee was accepted into the DSP and got the scholarship.

DSP proved to be the highlight of her life at UCLA. Interacting with graduate students from a multitude of countries and walks of life who had a lot more experience than she did, realizing she was not the smartest person in the room, was an extremely humbling experience for Lee. She says the camaraderie that came from suffering together allowed the students to become extremely close. Case in point: on the first day of classes, she met Dr. Nahm, who chairs the economics department at Kookmin University. Twenty years later, they consider each other best friends, still as close as they were at UCLA.

Lee says studying business economics at a large school helped ease her transition into professional life. After graduating with both a bachelor's and a master's degree in just four years, she immediately went to work at Ernst & Young. There, she learned the ins and outs of the service industry and how to professionally manage money, skills she believes are important whether you are a CEO, CIO, or president—all positions she has held in the past 20 years.

A few years later, Lee moved to Universal Music Group, and then to a company she felt was poised to make a huge impact on the music industry. In the early 2000s, music video views online were surging; however, revenues for music companies like Google compelled them to redesign how music videos were distributed to consumers in the Internet age. Lee helped devise the “hyperdistribution

model,” in which consumers can access content whenever and wherever they want. Using then-unheard-of media channels YouTube and AOL, Vevo revolutionized how we consume music today. Vevo's landmark relationship with YouTube set the stage for a publisher ecosystem that paved the way for multichannel networks.

Revolutionizing the music business required hard work and long hours. Working at Vevo took a toll on Lee's work-life balance. “While incubating Vevo, I incubated a little boy,” Lee says wryly. In the ensuing years, she spent too much time at work and not enough time with her son. One day, as Lee was working on Vevo's Asia strategy in Singapore, her 4-year-old son asked her why she was working. Lee had no answer. On the flight back to LA, she contemplated this simple question; the very next day, she made an executive decision to embark on a new adventure.

Lee quit Vevo and traveled the world with her son for nine months. Her son's curiosity during their travels drove her to start EdTwist, a curated search engine for children. She partnered with UNESCO and JPL; these were heady times. Eventually, EdTwist veered in a direction that was beyond Lee's expertise. This spurred Lee's recent move to Hong Kong to serve as the CIO at Edipresse Media Asia, a media company that inspires, enables, and connects communities of discerning consumers across Asia with premium brands. As an Asian mother, she wanted her son to live in Asia, which she figures will help him mature into a global citizen. And, as a woman who thrives on new challenges, she is looking forward to the adventures Asia has to offer.

ALUMNI SPOTLIGHT- KAREN WILLIAMS



Karen Williams

By Harsh Gupta and Sena Ustuner

Karen Williams' success as a businesswoman, educator, and leader can be traced to her ability to make smart, calculated decisions, and to her self-described scrappiness. Her long, winding, triumphant—some would say surprising—journey started right here, at UCLA.

Williams looks back at her undergraduate years fondly. Initially enrolled as a pre-med student, Williams soon switched her major to economics. That was the moment she began to thrive, she says, the moment she found her true calling.

After receiving her B.A. degree, Williams moved to the East Coast to work as an auditor. She urges all Californians to leave California to see what awaits in the larger world. Initially, she wanted to work in a creative field, but this was not financially feasible. Like so many students, she had to find a way to balance earning money with her passion for creative endeavors.

After four years, it dawned on Williams that working

as an auditor would not enable her to employ her critical-thinking skills, or her creativity. Williams decided that her true passion lay in marketing and brand management. She returned to Los Angeles to pursue her MBA at the UCLA Anderson School of Business. Her goal was clear: to build a stronger business and leadership foundation. To this end, she made it on to the executive board of Women's Business Connection and joined the Marketing Club.

Armed with her freshly minted MBA, Williams was ready to venture into the marketing and brand management industry. The next few years were a whirlwind, with stints at Johnson & Johnson and Sara Lee before setting off down the media industry path.

Williams says she's 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 says.

On the allure of marketing, Williams says, "It's similar to being an entrepreneur; it's like managing your own little candy shop."

At the time, there was little training for fresh undergraduates. Williams sensed a shortcoming in the way higher-education institutions prepare students for industry roles. Then she discovered the Anderson Center for Management of Enterprise in Media, Entertainment & Sports (MEMES).

"When I went into the industry, in the 2000s, something like [MEMES} never existed" she says.

After achieving all her goals in the media industry, Williams knew the time was right to move into the public sector. She took a job at USC's Marshall School of Business as an MBA career advisor. Later, she was recruited to be an executive director at MEMES. Under her leadership, the Big Data Conference and the MEMES Summer Institute have become important parts of the Anderson experience.

Never one to sit still for long, Williams soon began pursuing another challenge very close to her heart: the dearth of minorities as leaders of industry. Although Black, Hispanic, and Native Americans make up 30% of the population, she notes, they only hold 3% to 4% of senior leadership roles. This gap motivated Williams to join Management Leadership for Tomorrow (MLT), an organization that mentors rising leaders of color. Starting as a counsellor, Williams now helps disadvantaged students succeed in an increasingly competitive world. Diversity and inclusiveness carry a special meaning for Williams, and she is looking forward to taking on larger roles at MLT.

Williams' passion for educating the next generation of leaders at UCLA is reflected in how hard she works, and she has a lot of wisdom and advice to share. She advises students to cultivate the ability to deliberate, and to "take a step back before you take a step forward." She also tells students to be as open-minded as possible, a trait she says she learned here at UCLA. She says that leadership is not only leading people but also about leading processes and plans, and about leading from point A to point B with dedication and responsibility.

MAE DISTINGUISHED SPEAKER SERIES: COMPETING VIEWS ON THE US ECONOMY

By Sos Bagramyan

Where is the U.S. economy headed? Two speakers in the Master of Applied Economics program's Distinguished Speaker series recently gave different views.

Robert Barro, the Paul M. Warburg Professor of Economics at Harvard University, believes the new tax cuts will stimulate economic growth. His bottom line is that the tax package will raise 2018–2019 GDP growth by 1%, primarily through changes in individual income tax rates. Over the next ten years, he said, 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, is less optimistic. Like Barro, he also believes the recent corporate tax cuts will stimulate more capital investment and increase productivity. But after shedding light on things that are going well in the United States, Feldstein's analysis becomes more cautious. He thinks that the BLS' conclusions about the Consumer Price Index underestimate quality improvements in goods and are thus misleading—Dr. Feldstein expressed concern about what he sees as fragility in the U.S. economy.

Reforms to individual taxes, he argues, will likely lead to growing deficits, and low short-term interest rates, which have led to high asset prices, are likely to rise as inflation picks up.

LETTER FROM THE CHAIR

Dear Alumni and Friends of the Department of Economics:

The research and teaching excellence of our department increasingly rely 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 antitrust 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, and have received celebrated awards such as the Guggenheim and Sloan Fellowships.

The faculty and graduate students teach 3,200 majors and pre-majors, a thousand 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. I will take great care to use every dollar in the way that provides the greatest value to our students, to our faculty, and to the broader community.

Best regards,



Dora L. Costa

Chair, Department of Economics



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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.
