

ECONOMICS

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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.

FROM THE CHAIR'S DESK

Friends of the UCLA Department of Economics,

UCLA's yearlong Centennial Celebration launched on May 18. Your department has much to celebrate this year alone. Our faculty continue to achieve national prominence. Denis Chetverikov was named a 2019 Sloan Fellow, one of eight economists nationwide. Our faculty's research, covering topics as diverse as the costs of the recent tariffs, World War II financing, nursing home responsiveness to price incentives, and the intergenerational transmission of trauma, has been featured in the national news, including The Financial Times, BBC News, Bloomberg, The Washington Post, The Los Angeles Times, The Atlantic, The New York Times, and TIME. Faculty op-eds have been featured in the Wall Street Journal.

Your department continues to launch students into first placements which will enable them to achieve their career dreams. One hundred percent of Sharpe Fellows secure internships. Two of our 2017-2018 undergraduate Research Fellows are currently in their first year in PhD programs at MIT and Yale. Our 2017-2018 graduate Research Fellow will be joining the University of Toronto July 2019. Our private sector graduate student placements this year include Amazon and Uber. Among the undergraduate class of 2018 the most popular industries were accounting (22%), finance (20%), consulting (17%), and analytics (13%) and the top employers included BlackRock, Goldman Sachs, J.P. Morgan, Accenture, Deloitte, Amazon, and Google.

Your department is committed both to excellence in research and to fostering a life-long love for economics among all students, alumni, and friends. We have launched a new Master of Applied Economics (MAE) Business Leader series. Lloyd Greif, the president, CEO, and founder of Greif & Co., was our inaugural speaker. Our recent Master of Applied Economics (MAE) Distinguished Speaker Series featured Nobel Prize Winner Richard Thaler, and Greg Ip of the Wall Street Journal. We continue to bring our alumni and friends back to campus in our lab classes and our Economics in Action conferences. We are busy preparing for our inaugural pre-Collegiate Summer Institute. High school students will spend three weeks on campus taking Econ 1 for UCLA credit, debating policy issues, and learning economic concepts through classroom games.

Much of the success of our faculty and students is due to the generosity of our alumni and our friends. Your donations allow us to retain and attract faculty and students. Your donations to our undergraduate programs and time lecturing in the classroom and mentoring students have launched our students on the right career path. Your donations have allowed our faculty and graduate students to engage in research which shapes policy and informs the public on critical economic issues. We are deeply appreciative of the support of our alumni, friends, and community members. We count on your generosity to continue our innovations during the Centennial Year.

Best regards,



Dora L. Costa

Chair, Department of Economics

FACULTY SPOTLIGHT

LEE OHANIAN, PROFESSOR



[Lee E. Ohanian](#) is Professor of Economics, and Director of the Ettinger Family Program in Macroeconomic Research at UCLA, where he has taught since 1999. He is an advisor to the Federal Reserve Bank of Minneapolis, and previously has advised other Federal Reserve Banks, Foreign Central Banks, and the National Science Foundation. He has been an economic advisor to state and national political campaigns. His research, which recently has been discussed in the *New York Times*, *Wall Street Journal*, *Washington Post*, and other media sources, focuses on economic crises, and as been published widely in a number of peer-reviewed journals. He is a frequent columnist for the *Wall Street Journal*, *Forbes*, *Newsweek*, and CBS Moneyline. He currently serves on the editorial boards of 3 journals. He previously served on the faculties of the Universities of Minnesota and Pennsylvania. He is co-director of the research initiative “Macroeconomics across Time and Space” at the National Bureau of Economic Research.

Why did you choose to study economics?: “There were two reasons. One is that the Great Depression was a major blow to both sets of my grandparents. My maternal grandmother lost all of her wealth in the stock market. My paternal grandfather lost his job, and nearly lost his family home. They talked about this period all the time, and I could see how painful those years were for them, so I thought to myself “What caused the Great Depression? What was is such an awful period for the U.S. economy?” I really wanted to understand that episode of U.S. economic history. Then, when I was in high school, I had a terrific, general introduction to economics from a gentleman who was a retired executive from AT&T. He presented economics in a very down-to-earth way that really got me started on a lifelong intellectual journey.”

Who are your top intellectual/academic influences? Why?: “I received my Ph.D. in 1993, which was an extremely exciting time in my specialty of macroeconomics. Bob Lucas, Ed Prescott, Tom Sargent, Chris Sims had turned macroeconomics upside down, and were rebuilding it from the ground up. All of them received the Nobel Prize in Economics years after that, so I feel very fortunate to have learned directly and indirectly from these extraordinary economists.”

What types of upcoming projects/publications do you have?: “Way too many! I continue to study the economic forces that create depressions. I also have a project on studying Chinese economic growth, and when it might stall out, another project on the impact of global economic restrictions on the pattern of world economic growth after World War II, a project on whether Hitler would have stopped his attacks on Europe if either France or England had reacted sooner, and another project on why the country's “Rust Belt” suffered such large economic losses between the 1950s and 2000. Almost all of these projects involve either current or former Ph.D. advisees of mine, which makes this research even more rewarding.”

RESEARCH SPOTLIGHT

CAROLINA ARTEAGA, UCLA PHD CANDIDATE



Almost three million children in the U.S. have a parent in prison. Do these missing parents harm child development or, conversely, remove a negative influence?

Imprisoning a parent may have many effects on a child. On the negative side, parental incarceration could create emotional trauma and impose financial hardship. Often childcare arrangements are disrupted and in many cases incarceration triggers house and school moves. On the other hand, we can also think of reasons for parental incarceration to be positive. Removing a violent parent or a negative role model from the household can create a safer environment for the child.

There is a literature that looks at the broad correlations between parental incarceration on children's outcomes. This finds negative associations between parental incarceration and a host of important variables such as mental health, education, and crime. However, households with incarcerated parents are disadvantaged along many dimensions. For example, such households are more likely to experience domestic violence and mental illness, and be involved in drug use.

In her job market paper, "The Cost of Bad Parents: Evidence from the Effects of Parental Incarceration on Children's Education", [Carolina Arteaga](#) estimates the causal effect of parental incarceration on children's educational attainment. She does this in the context of Colombia, using random differences in judge leniency to identify causal effects. Intuitively, she compares the children of two identical prisoners, where one is assigned to a lenient judge, and the other to a strict judge.

Carolina finds that parental incarceration *increases* educational attainment by 0.8 years. With an average schooling of 7 years, this corresponds to an increase of 11% in education. In the study, she also finds that the benefit of parental incarceration increases when parental quality decreases, that this positive effect is larger for boys, when the parent is incarcerated for a violent crime, and when the mother is the one going to prison.

Her findings suggest that on average, parents who are on the margin of incarceration in Colombia are likely to reduce their child's educational attainment if they instead remain in the household. These findings are consistent with previous research that shows how removing a violent parent or negative role model from the household can create a safer environment for a child. Criminal parents may also deplete economic resources, and the economic contribution of defendants is likely to be small. Parental incarceration may also reduce the intergenerational transmission of violence, substance abuse, and crime. Lastly, parental incarceration may result in the child being placed with an alternative caregiver who has better resources to care for the child. Indeed, she finds that after an episode of parental incarceration, children often move in with their grandparents. They are also more likely to move to a household with higher socioeconomic status.

Carolina is a Ph.D. candidate at UCLA and will join the Economics Department at the University of Toronto in the summer of 2019. She works on labor economics, education, and crime.

UNDERGRADUATE SPOTLIGHT

GEENA SHAH, SHARPE FELLOW



Geena Shah is a senior and Sharpe Fellow graduating with a degree in Business Economics this June (2019). During her time at UCLA she has been an intern for IT Strategists, a Wealth management Intern at Ameriprise Financial Services, a Associate Consultant Intern at Bain & Company, and a Middle Market Banking Financial Analyst at Wells Fargo. When Geena graduates she plans to travel in Europe for several weeks, run her first half marathon in Vancouver, and in mid-September she will start her full-time position as an Associate Consultant for Bain & Company in Century City, California.

Hi Geena! Could you please tell us how you heard about the SHARPE program, and what made you want to become involved in it? I initially learned about the Sharpe Fellows program from attending a Bruin Development Academy my freshman year. Someone who worked in Partnership at the time encouraged me to attend an info session that Spring so that I would understand what I should do in the year before applying to make myself a compelling candidate. As I was fortunate enough to learn about the program so early on, I was able to make sure that I had everything I needed prior to applying the summer going into my junior year. My decision to become involved was rooted in the access to internships and support provided exclusively to Sharpe Fellows, additional mentorship I could receive through the program, and the programming put on by Partnership for the various cohorts, such as a panel from people in business school admissions and connecting with other interns on how to find housing for our junior year internships.

Tell us a little bit about your extracurricular involvements at UCLA: I have been involved with the Undergraduate Business Society, as a committee member for the Financial Services committee, and as a manager for the Consulting Committee. I also was a manager for the Consulting Committee within Bruin Women in Business. I have also participated in case competitions and was a fellow for Accenture. Lastly, I have been in the Student Alumni Association for four years, serving on the committees of Leadership Development, Spring Sing, and on the board as the Alumni Relations Director and currently as President. All of these extracurriculars contributed to my understanding of the professional world, navigating my potential career paths, and cultivating skills for interviews, public speaking, project and people management, and leadership.

If you were able to give “freshman you” any kind of advice, what would it be? It would be to say yes to as much as possible. Apply to an interesting campus organization, go see an inspiring speaker when they come to Westwood, participate in conferences that connect you to diverse people, attend a networking night or company info session that intrigues you, and most importantly, be as an active participant in your world at UCLA, whether that’s through clubs, where you live, where you work, etc.. Four years is not a lot of time, but it can be rich and meaningful if you allow yourself to take advantage of as many opportunities as possible, beyond just the classes you need to take. Not only does it eventually make you a more interesting candidate for internships and jobs, but it also makes the collegiate experience infinitely more special.

You’re on a desert island and you can have with you one movie, one book, and one album, what are they? Movie: “The Dark Knight.” Book: Margaret Mitchell’s “Gone with the Wind.” Album : “Heard It in a Past Life” by Maggie Rogers.

ALUMNI SPOTLIGHT

GREG BUONACCORSI



There's a lot more that goes on at a Dodgers game than Clayton Kershaw striking out batters or employees serving hot dogs to spectators. Behind the scenes lies an intricate operation comprised of hard-working, innovative individuals collaborating to put on the experience millions of fans adore. Greg Buonaccorsi lives out this dream by merging his love for sports with his interest in business, a marriage of passions that began long ago.

Greg did not originally envision himself being admitted to UCLA, much less attending. But as an avid sports fan and enthused student, he couldn't resist the possibility of contributing to the university's athletic program while simultaneously learning from influential professors teeming with insights. The school's pallet of prestigious athletics coupled with its academic reputation made Westwood the perfect fit for him.

For Greg, reinforcing his passion for business stemmed from interacting with a variety of different fields, as he dabbled with architecture and engineering before concentrating on his aptitude for business. He then enrolled at UCLA as a business economics major, an area of study that he felt "had a perfect marriage between the practicality on the business side, and the critical thinking on the economics side."

Coming from a small hometown, Greg sought out numerous avenues of support to adjust to the vastness of UCLA, and found a home in the basketball program built by Coach John Wooden. Having arrived in Westwood after supervising his high school basketball team's operations, he marketed his managerial experience to obtain a position in college basketball's most storied program. He acted as a manager for all four of his years at UCLA, and served as head student manager in the 1994-1995 season, the same year the Bruins emerged victorious to claim their record-setting 11th national title.

"Being part of a program that Coach Wooden created was an absolutely phenomenal opportunity. A few months before season, I'm in my hometown. The next thing I know, I'm in Pauley Pavilion looking up at national championship banners."

In addition to the unforgettable experiences Greg accumulated through the basketball program, he also absorbed valuable skills in the classroom that would serve him for the rest of his life. One of Greg's most memorable teachers, Professor David Ravetch, not only taught him the complexities of accounting, but also inculcated a dynamic approach to learning. Greg quickly discovered that his key to success did not lie merely in his propensity to comprehend the material. He understood the necessity of learning to apply the material to new and challenging situations he had never seen before, a skill that transcended his academic performances at UCLA and permeated into a key tool in his professional endeavors.

Upon graduating from UCLA in 1995 with a bachelor's degree in business economics, Buonaccorsi integrated his education with his passion for sports and sought out a position at accounting firm Ernst & Young, who at the time audited professional sports organizations such as the Los Angeles Clippers. Working on the Clippers engagement allowed Greg to thrive under the mentorship of Anderson alumnus Dan Beckerman, whose guidance influenced Buonaccorsi to pursue a graduate education before returning to industry.

(Cont. on page 7...)

ALUMNI SPOTLIGHT

GREG BUONACCORSI

Following his graduation from the Darden School of Business at the University of Virginia, Buonaccorsi held positions at venerable institutions such as the New York Times and Warner Brothers. While financial planning for journalists might not have been a perfect marriage of his two passions, he gained valuable experience that proved vital in his return to a competitive sports industry. Greg understood that jobs in sports management have little turnover, and individuals who work such positions generally reap the benefits for as long as they deem reasonable. His largest piece of advice to a prospective sports businessman? "If you're not able to get into sports immediately, find the best job you can find within your functional area (such as finance), and do the best you can at it." Buonaccorsi made his return to sports by assuming the position of Director of Financial Planning and Analysis at the Charlotte Bobcats.

After delving back into industry, Greg faced no shortage of challenging professional experiences, but a sense of obligation to his family encouraged him to geographically transition back to the West Coast. In 2014, Buonaccorsi utilized his networking skills to promote himself for a position with the Los Angeles Dodgers, and was subsequently hired to fill an opening in the franchise's Finance Department. His breadth of work might not be the face of the organization in the same way Clayton Kershaw's statistics captivate the Dodger faithful, but his collaboration with a vast group of high-achieving individuals proves fundamental to operating a professional sports club that generates hundreds of millions of dollars in revenue. Now serving as a Senior Director, Greg and his team look for ways to expand their operations beyond baseball and often explore worthwhile startup investments, a practice not all franchises undertake.

"We're always stretching and reaching for those new opportunities," Greg said. "To be at an organization that doesn't just think of themselves solely as an MLB franchise, is really interesting."

Communication skills serve as one of the hallmarks of Greg's occupation, as a mere understanding of financial analysis does not suffice when conveying complex proposals to employees from the nearly fifty departments he partners with. He says his "soft skills" are imperative in assuring that the meticulously-crafted plans of his department are optimally implemented to improve the operations of the franchise.

Now fully immersed in his professional ventures, Buonaccorsi still fondly reflects on his time at UCLA and the gratifying sensation of graduating from an institution he never imagined attending. "If you told me when I was in high school that I would graduate from UCLA...I would have been extremely shocked. Graduating from UCLA was my biggest accomplishment."

Greg still remains an active Bruin, administering guidance to undergraduate students through the UCLA One program, as he hopes to inspire the next generation of leaders in business and finance. Buonaccorsi notes that the most invaluable piece of wisdom he can express to an aspiring young leader is to "utilize the four years of college to experiment with different ideas and to discover what is most authentic to yourself." Once that happens, he remarks, it is essential to become a sponge for knowledge, to hone your craft, and become an expert in that field. Doing so, he concludes, will ease the decisions that an individual will come across as she explores her professional path.

By Andreas Papoutsis

MASTERS OF APPLIED ECONOMICS

DISTINGUISHED SPEAKER SERIES

UCLA's MAE Distinguished Speaker Series has continued its legacy of connecting students and faculty at UCLA with industry experts, Nobel Prize winners, and admired faculty.

This past academic year has been another successful one for the speaker series. Our talks were kicked off by UCLA Alumni Professor Edward Lazear. His November 6, 2018 talk, "The US Economy and Its Place in the World" can be viewed at the [following link](#).

On February 7, 2019 we hosted Greg Ip, chief economics commentator for *The Wall Street Journal*. During Mr. Ip's presentation, "A New Cold War? The Emerging Economic Context Between the U.S. and China," (his presentation can be viewed at the [following link](#)) warned that China has doubled down on its state capitalism model and that its political repression and belligerence has led to a hardening of US hawks' attitudes. He emphasized that Chinese success is due in large part to their investments in education, their support of STEM and their Darwinian copycat culture. Ip warned that the biggest threats to Chinese growth come from an aging population, slowing of growth rates, and their own government.

Richard Thaler, the 2017 recipient of the Nobel Memorial Prize in Economic Sciences and the Charles R. Walgreen Distinguished Service Professor of Behavioral Science and Economics at Chicago Booth, visited the MAE program on March 5, 2019. In his presentation, "Nudge vs. Sludge," he presented his views on using behavioral economics to help consumers (e.g., to meet their savings goals) rather than to take advantage of them.

On Thursday, May 23 the UCLA Department of Economics is pleased to welcome Stanley Fischer as part of the speaker series. Stanley Fischer is the former Vice Chairman of the Federal Reserve and served as Governor of the Bank of Israel, First Deputy Managing Director of the International Monetary Fund, and Chief Economist at the World Bank. While Professor of Economics at MIT, Dr. Fischer served as thesis advisor to Ben Bernanke, Chair of the Federal Reserve, and Mario Draghi, President of the European Central Bank.

This series has been an integral part of UCLA's Master of Applied Economics, linking industry experts and policymakers to apply economic theory to real world problems.

For more information about UCLA's master of Applied Economics Program, visit: <http://master.econ.ucla.edu/>

IN MEMORIAM

HAROLD DEMSETZ, EMERITUS

Harold Demsetz was a Professor of Economics at UCLA from 1971 until his retirement (if he ever really retired). He was the Arthur Andersen Chair in Business Economics and chaired the UCLA Department of Economics from 1978-1980. He was also elected fellow of the American Academy of Arts and Sciences. But the most important thing about Harold was his energy and his ideas.

Considered one of the most creative and deep microeconomists of the 20th century, Harold was one of the pioneers of "New Institutional Economics". His most famous paper ("Production, Information Costs, and Economic Organization," written with fellow UCLA professor Armen Alchian for the *American Economic Review* in 1972) was featured as one of American Economic Review's [Top 20 articles](#) of the 20th Century. Over his illustrious career Harold's many contributions to his field have stood the test of time. He will be greatly missed.

Here are some tributes that have been written about Harold:

[John Riley](#), Professor, UCLA

[Ben Klein](#), Professor, UCLA

[Tom Hubbard](#), Professor, Kellogg School of Management.

[Sam Peltzman](#), Professor (Emeritus), University of Chicago

[Jonathan Adler](#), Professor, Case Western Reserve University School of Law

[Peter Boettke](#), Professor, George Mason University

[Frederic Sautet](#), Professor, George Mason University

"[Chicago's Lesser-Known Free Marketer](#)" appeared in *The Wall Street Journal*

[American Economic Association](#) background on distinguished fellow Harold Demsetz remarkable intellectual career.

[Forbes](#)

If you have a memory of Harold that you would like us to post, please email: stewart@econ.ucla.edu



Harold Demsetz
(1930-2019)

IN THE NEWS



March 11, 2019: UCLA Department Economics Associate Professor [Pablo Fajgelbaum](#) is featured in a variety of national news stories of late. Along with co-authors Pinelopi Goldberg (Yale (leave) and World Bank), Patrick Kennedy (UC Berkeley), and Amit Khandelwal (Columbia), their paper [“The Return to Protectionism”](#) has been cited by [The Los Angeles Times](#), [Bloomberg](#), [The Washington Post](#), [TIME](#), and [Slate](#), among other outlets. The paper analyzes the aggregate and regional impacts of the 2018 trade war on the U.S. economy.



Feb 19, 2019: [Denis Chetverikov](#) has been named as a 2019 Sloan Fellow, one of eight economists nationwide. Denis Chetverikov is a theoretical econometrician with broad interests. His work has greatly enhanced our understanding of high dimensional and nonparametric models – an area often referred to as “big data”. Among his most important contributions are the high dimensional central limit theorem and the incorporation of machine learning methods into econometrics. Together, these insights have enabled applied researchers to conduct inference using new complex models and estimators. The official announcement is [here](#).



Feb 13, 2019: A recent article in the *Financial Times* leans heavily on research from [UCLA Professor Lee Ohanian](#). According to the piece, [“How the US actually financed the second world war,”](#) the US raised taxes on capital from 44 to 60 percent during the second world war. Further, labour taxes doubled, from 9 to 18 percent. According to Ohanian, the higher taxes were used to make borrowing possible and keep interest rates down. Ohanian said, “The US typically has done a really good job of financing wars that don’t impose a huge burden on the economy. There’s a tension in that ideally you’d like to finance with debt as much as possible, so you can spread the distorting burden of higher taxation out over as many years as possible. Ideally, you don’t want to have someone hit you on the head with a hammer really hard once, but if someone taps you on the head with a hammer very gently for ten years, you’re going to prefer that.” To read the rest of the article, please visit [the following link](#).



February 4, 2019: The UCLA Department of Economics congratulates Professor [Michela Giorcelli](#) for winning the Scoville Award for best undergraduate teaching in Fall 2018 for her class Econ 181, Development of Economic Institutions in Western Europe. This course applies economic theory and quantitative reasoning to study the economic history of Western Europe from the 18th to the 20th century. Among other topics, it covers the Malthusian theory, the Industrial Revolution, the demographic transition, the formation and the persistence of institutions and organizations, and the development of Europe during the 1950s and 1960s. Congratulations Professor Giorcelli!

QUARTERLY SUDOKU

	1	2	3	4	5	6	7	8	9
A			3			7			9
B		6			5			2	
C	4			3			5		
D	3			4			6		
E		7			8			5	
F			1			3			2
G			8			6			7
H		4			2			3	
I	1			7			9		

Previous Sudoku Solution:

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314785962

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482371695

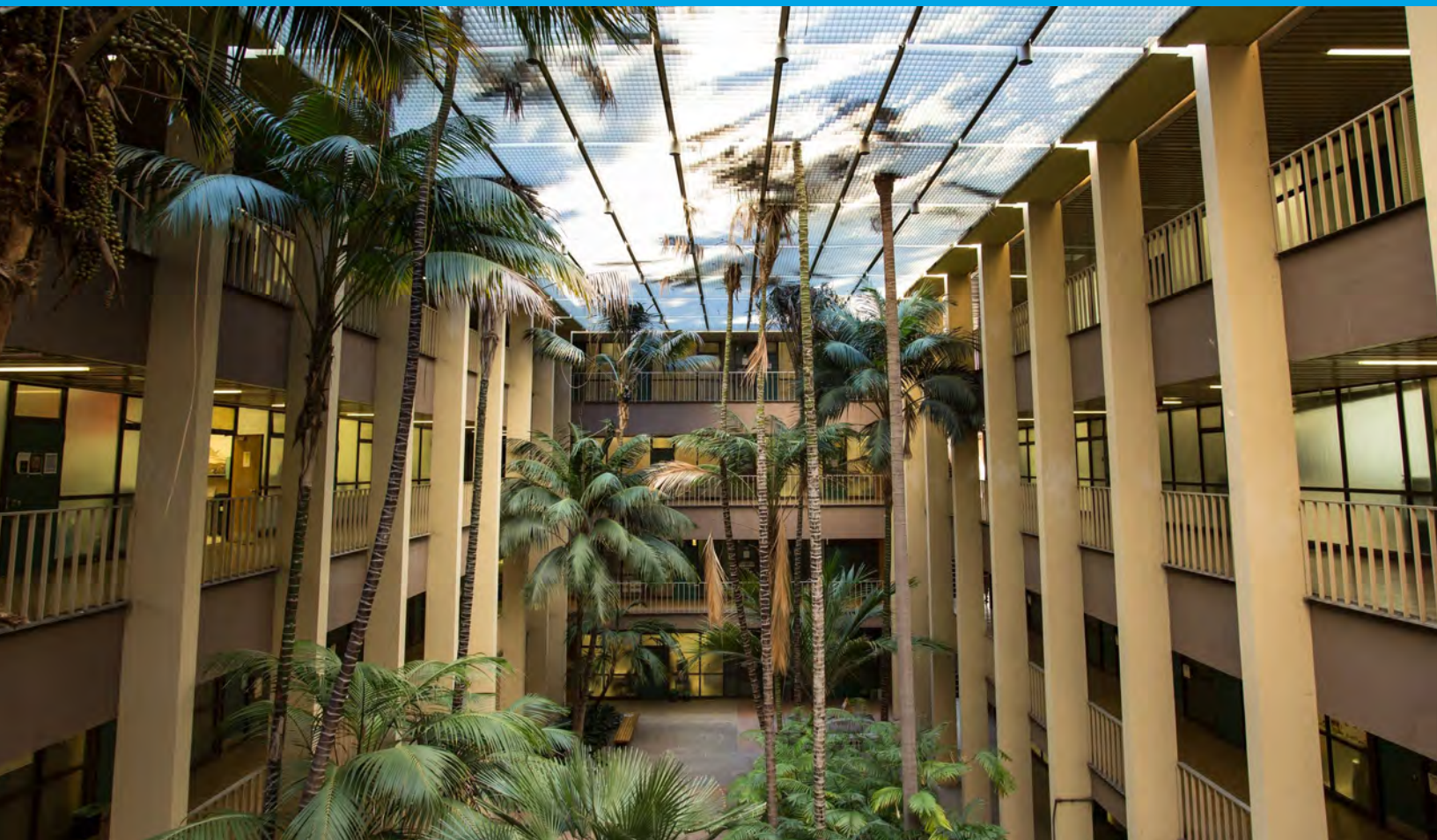
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679542831

128653749

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