

ALUMNI NEWSLETTER

ECONOMICS

SPRING 2006

INSIDE

Message from the Head	2
NEW Faculty	3
Joint Research	4
Faculty Notes & Awards	5
Conferences	6-7
Graduate Program & More Awards	8
Alumni News & Alumni Trivia	9-14



Welcome to the second issue of our Alumni newsletter. We have all enjoyed establishing contact with so many of you.

The maiden issue has received enthusiastic receptions from many of you who write to

express your delight at receiving news about what your friends and old classmates have been up to since leaving Penn State. One pleasant surprise was how much our current students have enjoyed reading about the diverse career paths that you have followed (there is light at the end of the tunnel, after all!).

In this issue, we have put together all the news about conferences, awards, new faces, and of course, more updates on your classmates. We also realize that you enjoy hearing about on-going research. So, in this issue of the newsletter, we provide a few samples of collaborative research between faculty, current students and graduates.

As I receive e-mails from many of you for this issue, it is striking that our alums are represented all over the world, from Emsley Tromp in Curacao, Tatyana Chesnokova and Dmitriy Kvasov in New Zealand, and Steve Koch in South Africa. Please continue to update us with your professional and personal news. E-mail us at www.econ.psu.edu/Alumni/alumnicomments.html or use the form at the end of the newsletter to let us know what you've been up to. We'd love to hear from you.

Bee-Yan Roberts
(byr@psu.edu)

MESSAGE FROM THE HEAD



I'm serving as acting department head this year and next, filling in for Bob Marshall while he is visiting Bates White LLC in Washington, D.C. Last summer, Bob and Isabelle Perrigne worked to set up the new center for the Study of Auctions, Procurements and Competition Policy (CAPCP).

Initial support for the center was provided by the College of the Liberal Arts and Bates White LLC. The economics department faculty includes an impressive group of internationally recognized scholars in both the theory and econometrics of auctions, competition and market structure. The center seeks to leverage this expertise to provide connections to real applications in the private and public sectors as well as furthering the basic missions of research and teaching. Last month, the center sponsored a lecture by Ariel Rubinstein, one of the world's leading game theorists.

The department's contributions to research and teaching were recognized with an unprecedented array of awards this year. Herman Bierens' distinguished record of scholarship in econometrics was recognized with his election as a Fellow of the Econometric Society. Neil Wallace was elected a Fellow of the American Academy of Arts and Sciences. He is one of seven American economists elected as fellows this year and the second faculty member in the College of the Liberal Arts to receive this honor. Neil's seminal contributions to monetary theory were also honored at the Conference on Advances in Monetary Economics, held here in March. Numerous leading macroeconomists participated, including Nobel Laureate Robert Lucas. Bee Roberts was this year's sole recipient of the Schreyer Honors College Excellence in Teaching Award, in recognition of her outstanding teaching in economics honors courses. David Shapiro, who has long been among our premier teachers, was one of only two recipients of the University-wide Milton S. Eisenhower Award for Distinguished Teaching. Shizuka Nishikawa received the Graduate School's Graduate Assistant Outstanding Teaching Award in recognition of her consistently effective undergraduate teaching, as well as her mentoring of other grad TAs.

The dedication and efficiency of our department staff was also recognized with awards from the College of the Liberal Arts. Gay Catherman, who has probably helped many readers of this letter navigate through the Penn State graduation requirements, received the Client Service Award, in addition to being recognized for ten years of service to the department. Naomi McNulty received the Liberal Arts Leadership Award, in recognition of her achievement in creating a culture of teamwork and mutual support, from which all of us benefit.

The other signal accomplishment this year was our hiring of three of the most sought-after young scholars on the highly competitive market for new Ph.D.s. Manolis Galenianos, a macroeconomist from the University of Pennsylvania; Sun-Jae Jun, an econometrician from Brown University; and Marek Pycia, a micro theorist from Massachusetts Institute of Technology, will join us this fall for the first of what we hope will be many years of service to the department's mission of teaching and research.

James Jordan
jxj13@psu.edu

Would you like to hire a Penn State- University Park Economics graduate?

To bring your job opportunity to the attention of our students, please send your request to:

Director of Graduate Studies:

Neil Wallace (neilw@psu.edu)
Vijay Krishna (vkrishna@psu.edu)

Director of Undergraduate Studies:

David Shapiro (dshapiro@psu.edu)
Dirk Mateer (dmateer@psu.edu)

●2006●



Manolis Galenianos completed his Ph.D. in economics at the University of Pennsylvania in the summer of 2006. He obtained his B.A. in economics and M.A. in statistics from Boston University. His research interests lie in the areas of applied theory, labor economics, and monetary economics. In particular,

he is interested in understanding how the frictions in various markets can affect economic outcomes. His thesis develops a theory about the labor market and shows how the coordination problems can lead to identical workers receiving different wages.



Sung Jae Jun, Assistant Professor, received his B.A. in economics from Seoul National University, and went on to pursue a Ph.D. in economics at Brown University. His research focuses on econometric issues related with instrumental variables. In particular, his thesis investigates the possibility that the given instruments

are relevant only for particular distributional points of an endogenous variable, and develops methods that are valid under weaker assumptions than traditional ones. His research provides novel tools to answer empirical questions in labor economics such as returns to schooling.



Marek Pycia is joining the department as an assistant professor. He completed his Ph.D. in economics at Massachusetts Institute of Technology. Marek has an undergraduate degree and Ph.D. in Mathematics from the University of Warsaw and the Polish Academy of Science in Warsaw, respectively. His

current research focuses on economic design and also includes topics in behavioral and organizational economics. His main papers analyze matching situations in the presence of complementarities and peer effects. Prior to graduate studies in economics, he was doing research in mathematics, taught strategy and finance, and worked for non-profit organizations.

●2005●



Andrés Rodríguez-Clare received his B.A. in economics at the University of Costa Rica, his M.A. at Ohio State University, and his Ph.D. at Stanford University. He was associate professor of business economics at the University of Chicago before moving to Costa Rica to serve as Chief of the

Council of Presidential Advisors from 1998 to 2002. He was visiting professor at Harvard University's Kennedy School of Government in 2002 and the Massachusetts Institute of Technology. Department of Economics in 2004, and Senior Research Economist at the Research Department of the Inter-American Development Bank from 2002 to 2005. He is the author of many articles and papers on microeconomic theory, international trade and economic development, including "Multinationals, Linkages and Economic Development" (*American Economic Review*, 1996), "The Neoclassical Revival in Growth Economics: Has It Gone Too Far?" (with Pete Klenow, 1997 *NBER Macroeconomics Annual*), "The Value of Trade Agreements in the Presence of Political Pressures" (with Giovanni Maggi, *Journal of Political Economy*, 1998) and "Externalities and Growth" (with Pete Klenow, *Handbook of Economic Growth*, 2005). He is currently working on topics in development, growth, and international trade.

Looking for your long-lost friend in Penn State-Economics?

If so, we can help. The department has an alumni database. To search for fellow alumni, go to:

www.econ.psu.edu/Alumni/alum_contacts.html

To update information or offer comments please e-mail the information to:

www.econ.psu.edu/Alumni/alumnicomments.html

Here is a sample of the collaborative research between our faculty and graduate students, both past and present.

● Entry and Exit in Geographic Markets ●

Mark Roberts, Tim Dunne, and Shawn Klimek are continuing their joint research using U.S. census data to study firm entry and exit. One of our current Ph.D. students, Daniel Xu, has joined them on a new paper that estimates a structural model of profits, entry, and exit that addresses an old issue in industrial organization: the importance of actual versus potential entry as the source of market competition. They compare two health service industries, dentists and chiropractors, and find that the higher entry costs for dental practices result in market competition being determined by the actual number of firms in the market. In contrast, the lower entry costs of establishing a chiropractor practice result in higher turnover, competitive outcomes in markets with small number of firms, and more competitive pressure from potential entry. Mark and Daniel just presented the paper at a CEPR conference in Dublin, and the four are working on extensions of the project for a conference in the fall.

Tim Dunne (Ph.D. 1987)
Shawn Klimek (Ph.D. 2004)
Mark Roberts (Penn State)
Daniel Xu (current Ph.D.)

● Reputation and Soft-Budget Constraints ●

Soft-budget constraints plague transition economies, creating weak incentives for restructuring and impeding the process of exit of lossmaking enterprises. A soft-budget constraint arises when borrowers know (or expect) that they will be bailed out in the face of adverse outcomes. Hardening budget constraints is often considered a key reform for transition economies. Implementation, however, proves difficult. We study the role of reputation in dealing with the soft-budget constraint. Reputation may be especially important for financial contracting in transition economies because of weak legal enforcement. We examine whether the reputation of a borrower can lead to repayment in such an environment. We find that reputation can harden budget constraints and improve welfare, although it can never fully eliminate softness. We also show that

lenders who acquire a reputation for being tough can earn higher profits than lenders with reputations for being soft. This provides a mechanism for the endogenous emergence of hard-budget constraints. But for this process to work, it is necessary that there be a sufficient number of good borrowers, and that it is possible to identify who they are. Early in transition, the lack of transparency and the state of the economy make it unlikely that tough lenders will emerge. As transparency increases and as the overall state of the economy improves, tough lenders will emerge. Reputation can thus be a force that encourages lenders to be tough, but it is not an automatic process. Our results also suggests that, over time, a virtuous circle may appear. The measure of soft lenders shrinks and the quality of loans improves which further enhances the growth process and further improves transparency.

Alexei Deviatov (Ph.D. 2001)
Barry Ickes (Penn State)

● Trade Policy and Firm Heterogeneity ●

Svetlana Demidova, H.L. Kee, and Kala Krishna develop a heterogeneous firm model to study the effects of trade policy, trade preferences, and the rules of origin (ROOs). The model is tested using Bangladeshi garment exports to the U.S. and EU where differences across products (non-woven and woven garments) and export destinations make for an interesting natural experiment. Our model generates predictions about the underlying productivity distributions of different types of Bangladeshi exporters. In particular, our results show that, in any market, firms that choose to meet ROOs are more productive than firms that choose not to do so. Moreover, in the presence of quotas, ROOs must be met to export. This suggests that, particularly in the non-woven market, where competition in the U.S. is much tougher than in the EU, firms exporting to the U.S., *ceteris paribus*, are much more productive than those selling in the EU and many more firms sell only to the EU. Finally, we find that firms, which export to more destinations have higher average unit values and are larger in size.

Svetlana Demidova (PhD, 2006)
H.L. Kee (World Bank)
Kala Krishna (Penn State)

✿Grants and Other News ✿

Nezih Guner and **Gustavo Ventura** “Taxation, Aggregates and Two-Person Households,” *Population Research Institute*.

Gustavo Ventura “Sources of Life-Cycle Inequality,” with Mark Huggett (Georgetown University) and Amir Yaron (Wharton) *National Science Foundation*.

Neil Wallace and **Ruilin Zhou** “Optima in Matching Models of Money,” *National Science Foundation*.

Ed Coulson became the editor of *Real Estate Economics* in January 2006.

Ed Green was interviewed by Douglas Clement for “The Region” – a public-affairs publication of the Minneapolis Fed. The interview is online at <http://minneapolisfed.org/pubs/region/05-12/green.cfm>

✿Sabbaticals 2006–2007 ✿

Herman Bierens, CAEN, Universidade Federal do Ceara, Fortaleza, Brazil; Spring 2007

Kala Krishna, Peter B. Kenen Fellow in the International Economics Section, Department of Economics at Princeton; Fall 2006–Spring 2007.

Vijay Krishna, fellowship from the Institute of Advanced Study at Princeton; Fall 2006–Spring 2007

✿Faculty Awards ✿

Herman Bierens was elected *Fellow of the Econometric Society* in December 2005.

Bee Yan Roberts received the *Schreyer Honors College Excellence in Teaching Award* in Spring 2006.

David Shapiro received the 2006 *Milton S. Eisenhower Award for Distinguished Teaching*.

Neil Wallace was named a fellow of the *American Academy of Arts and Sciences* in May 2005.



Some of the faculty at the Department Picnic
September 2005

✿Department Teaching Awards ✿

Spring 2005

Russ Chuderewicz (Econ 351)
Dirk Mateer (Econ 002)
Dirk Mateer (Econ 404W)

Fall 2005

Dirk Mateer (Econ 002)
Mark McLeod (Econ 302)
Derek Laing (Econ 412)

✿Staff Awards ✿

Liberal Arts Leadership Award
2005

Naomi McNulty

Liberal Arts Client Service Award
2005

Gay Catherman

Liberal Arts 10 Years of Service Award
2005

Gay Catherman



Our Current Staff

Conference in honor of Neil Wallace



Left to right: Robert Townsend (University of Chicago), Neil Wallace (Pennsylvania State University), and Thomas Sargent (New York University)

A conference on "Advances in Monetary Economics" was held on March 10–12, 2006. Sixteen papers were presented to approximately seventy attendees, including fifty visitors from other universities as well as Penn State faculty members and graduate students. Among the visitors were researchers who traveled from Europe, Japan, Brazil, Australia, and New Zealand to attend the conference.



Left to right: Nancy Stokey (University of Chicago), Robert Lucas (University of Chicago), Neil Wallace (Pennsylvania State University), Connie McGeorge (State College, PA), and Christopher Simms (Yale University)

The conference program emphasized cutting-edge research on topics, and utilizing modeling approaches, that have been pioneered by Professor Neil Wallace and researchers with close and long-standing ties to Professor Wallace. Among the presenters were several of his former graduate students, who currently hold faculty appointments and staff positions in institutions such as the University of Chicago, Cornell University, the Federal Reserve Board and the Cleveland and Kansas City Reserve Banks, the University of Pennsylvania, Princeton University, and the University of Rochester. Indeed, the conference had the dual objective of being a first-rate academic conference in its topic area and also being a tribute to Professor Wallace's immense influence, through both his own research and his advising of students who have subsequently become leading researchers, to the field of monetary



Left to right: Randall Wright (University of Pennsylvania), David Cass (University of Pennsylvania), Valerie Bencivenga (University of Texas), Naraya Kocherlakota (University of Minnesota), Karl Shell (Cornell), and Stacey Schreft (Kansas City Fed.)

economics. This tribute within the research community is subsequent to national and university honors that Neil Wallace received in 2005: election to the American Academy of Arts and Sciences, and receipt of the Distinction in Social Sciences Award from the College of the Liberal Arts at Penn State.

The papers presented at the conference are posted on the economics department Web site, at www.econ.psu.edu/conferences/wallace.html.

Cornell-Penn State Workshop

The spring 2006 meeting of the Cornell-Penn State macro workshop was held on April 14 and 15. There were nine papers presented. (The program, with links to some of the papers, appears on the department's web site.) The "outside" presenters for this meeting were Daron Acemoglu (Massachusetts Institute of Technology), Fernando Alvarez (Chicago), Huberto Ennis (The Federal Reserve Bank of Richmond), Todd Keister (The Federal Reserve Bank of New York), and Adam Szeidl (Berkeley). More details are available at www.econ.psu.edu

"Financial Constraints or Technological Differences?" Conference

A conference on "Financial Constraints or Technological Differences?" was held on April 28–30, 2006. The conference was funded by Penn State and organized by Ed Green (Penn State University), Andrea Eisfeldt, and Adriano Rampini (both from Northwestern University).

It is well known that, relative to large firms, small firms exhibit larger fluctuations of employment and output over the business cycle, and that they are more likely than large firms to go out of business at the trough of the business cycle.

One view of these facts is that they reflect non-price financial constraints that are more binding on small firms than on large ones. An alternative view is that size differences between firms reflect unobserved technological differences that are driving the disparities among firms' experiences.

The two views have markedly different welfare implications. There is at least a prima facie case that public policy (for example, "loosening" monetary policy during business-cycle downturns) to relax non-price financial constraints might be beneficial. In contrast, if the smallest firms are the least efficient ones on average, because technologically superior firms have been able to grow faster before the downturn of the business cycle, then the exit of the smallest firms during a business-cycle downturn might be economically efficient, and policies aimed at retarding or forestalling their exit would be counterproductive.

However, the differences between theories

based on the two viewpoints are more subtle than the difference between their policy implications. The goal of the conference was to bring together a small group of researchers whose work represents both views, in order to discuss the similarities and differences between the two types of theoretical model, what observable implications might discriminate clearly between them, and what empirical research would be most helpful to reach an informed view of the relative importance of financial-constraint and technological-difference considerations in accounting for the facts.

The program and papers for the conference are available at www.econ.psu.edu.



A New Research Center

The Center for the Study of Auctions, Procurements and Competition Policy (CAPCP) was established in Spring 2005. The key goal of the center is to bring the expertise of a remarkable group of fourteen faculty to leaders in the public and private institutions on crucial issues concerning competitive allocation of goods (such as in auctions and procurements), and competition policies (such as in mergers and regulation). The Center has five research programs: Auctions and Procurements Design directed by Professor Vijay Krishna; Collusion and Cartels directed by Professor Robert Marshall; Econometrics of Auctions and Procurements directed by Professor Isabelle Perrigne; Market Structure and Competition directed by Professor Mark Roberts; and International Policies directed by Professor James Tybout.

The Center's activities include organization of seminars and conferences, administration of research initiatives, and development of working papers and publications. The Center recently provided consulting services to the Federal Communication Commission on proposed changes in the design of its next wireless auctions, which will be held in June 2006.

The Center also offers a unique research experience for undergraduate and graduate students in Economics. In Fall 2007, three Ph.D. students will benefit from annual fellowships and eight undergraduate students will receive a one semester research training sponsored by Bates White LLC, a major consulting firm.

For more information on the center and its activities, go to <http://econ.la.psu.edu/CAPCP>.

GRADUATE PROGRAM AND MORE AWARDS

The graduate program is undergoing some major changes. Starting next fall, the core sequences in micro and econometrics will be shortened to two courses each. The core will then end in two semesters instead of three and all course work will thus be completed by the end of the second year. These changes are being implemented to allow students to engage in research sooner.

In the “comings” department, we will have an entering class of fifteen next fall. As in the past, it is a talented group, diverse in many ways—origin, background, and interests. In the “goings” category, five students will be graduating over the summer. Details of our placements this year are given below.

In other news, three of our students (Manaswini Bhalla, Ivan Cherkashin and Yao Huang) will be Bates-White Fellows next year. They will spend this summer working at the firm in Washington, D.C. learning about IO and antitrust litigation in the real world.

Maxim Ivanov received a dissertation support fellowship from the College of the Liberal Arts for Spring 2006. Daniel Xu has been awarded the same fellowship for Fall 2006.

This spring, Isa Hafalir, Maxim Ivanov, and Daniel Xu traveled to different conferences in Europe to present papers. They, and others, will be attending various conferences and workshops over the summer.

I will be on sabbatical next year. Neil Wallace will be director of graduate studies.

Vijay Krishna
Director of Graduate Studies

✿Placement Results 2005–2006✿

Zafer Akin, TOBB Economics and Technology University, Turkey.

Svetlana Demidova, University of Georgia, Athens.

Erkan Erdem, Bates White LLC, Washington, D.C.

Luis Martins, ISCTE-Business School, Portugal.

Sunghyun Na, Korean Industrial Strategy Development Institute, South Korea.

Backhoon Song, Korea Institute of International Economic Policy, South Korea.

Hale Utar, University of Colorado, Boulder.



A snapshot of our current graduate students at the department picnic, September 2005

✿M.A. and Ph.D. Degrees 2005–2006✿

Spring 2005

T. Gebreselassie (M.A.)
Luis Martins (Ph.D.)

Summer 2005

Hiroto Furuhashi (M.A.)
Sunghyun Na (Ph.D.)
Andrei Roudoi (Ph.D.)
Backhoon Song (Ph.D.)

Fall 2005

Manjong Lee (Ph.D.)
Xin Xiao (M.A.)

✿Graduate Student Awards✿

Graduate School's Graduate Assistant Outstanding Teaching Award
Spring 2006

Shizuka Nishikawa

Bates White Fellowship
Fall 2005 and Spring 2006

Yi (Daniel) Xu

The Robert C. Daniels Graduate Fellowship
Spring 2006

Svetlana Demidova

The David W. and Carolyn P. Grow Graduate Fellowship Award
Summer 2005

Avantika Chowdhury

Subramaniam Chandrasekhar, 2004

After graduating in Summer 2004, I moved back to India and joined Indira Gandhi Institute of Development Research (IGIDR), Mumbai. IGIDR is an advanced research institute established by the Indian central bank (Reserve Bank of India) and offers M.A., M.Phil. and Ph.D. degrees.

I teach the first sequence of microeconomics and also development economics. My research currently focuses on the multiple dimensions of poverty in urban (slum and non slum) areas. I recently finished a project for UNDP on the geographical concentration of poor households in rural India and a project for the Ministry of Rural Development on growing rural urban disparities in the state of Maharashtra.

On a personal note, I got married to Anuja in January 2004. Anuja is currently in the final legs of her Ph.D. in agricultural economics and demography from Penn State. I can be reached at (chandra@igidr.ac.in) and, if you are in Mumbai, please do get in touch.

Tatyana Chesnokova, 2004

After graduating from Penn State, I joined the economics department at the University of Auckland, New Zealand. The Department ranks as one of the top research departments in Australasia. My research interests were originally in the theory of international trade. My current research is becoming more diverse, including empirical and theoretical development economics. Recently, I started a project with my colleague in Auckland on effects of birth order on child labour and education. Dmitriy and I are enjoying our life in Auckland very much.

Jaehee Lee, 2004

After graduating from Penn State in 2004, I have been working at the Korea Institute for Industrial Economics and Trade (KIET), the government funded research institute which is closely affiliated with the Department of Commerce, Industry and Resources. My work in the KIET focuses on developing policy tools to promote innovation activities in service sectors. Since the fall 2005, I began work as an adviser for the planning group of the Presidential Committee on Healthcare Industry Innovation. This experience gives me a great chance to interact with government officials working on new promotion policies for the health care sector. My policy projects include designing the basic structure of a new national biomedical cluster and analyzing the impact of the

U.S.-Korea Free Trade Agreement on the medical sector of Korea.

I live in Seoul with my wife, EJ and Jaehyun (7). EJ works at the Korea Institute for Health and Social Affairs, the government funded research institute which is closely affiliated with the Department of Health and Welfare. We often miss peaceful and quiet State College.

R. Vijay Krishna, 2004

Since graduating from Penn State in 2004, I have been at the University of Edinburgh in the U.K. Edinburgh (which is in Scotland), also known as the Athens of the North, is a magnificent and lively city, where the modern seamlessly meets the ancient. A city, whose centre is best seen on foot, boasts of magnificent vistas that open up from nowhere and heart-stopping views of, among other things, the waters of the Firth of Forth to the north.

The University also boasts of an excellent Economics department where I have the good fortune to know, as my colleagues, first-rate economists who are also wonderful people. Since coming here, I have been collaborating with Kalyan Chatterjee at Penn State, on work in theory of choice. We are especially interested in representing the behaviour of people who are unsure of their "state of mind" in the future and may want to protect themselves from their own flights of fancy in the future.

I move to the University of North Carolina, Chapel Hill in the autumn of 2006 and, although I leave Edinburgh with some sadness, I am grateful for my time here and expect the future to be just as interesting.

Dmitriy Kvasov, 2004

Presently I am at the Department of Economics, the University of Auckland, New Zealand. Teaching duties down here are far from onerous (and it's even fun to teach game theory to undergraduates who aren't afraid of logical reasoning), so I have ample time for research. I am currently working on a number of projects dealing with the exchange of information among rational players. The classic work on that topic usually implicitly assumes incentive-free sharing of private knowledge, a far cry from the reality. Jointly with R. Vijay Krishna (Penn State, 2004), we try to build a model of conversation among the agents who might want to tell each other not only the truth. Little by little, Australasia becomes more densely

populated with Penn State graduates, and we do keep in touch with Hajime Katayama (2003) and Olexii Birulin (2004) in Sydney.

Daniel Donath, 2003

Immediately after graduating from Penn State in 2003, I worked for the economic consulting group at Deloitte & Touche in Washington, D.C., where I concentrated on litigation consulting. In 2004, the same year that my home country (the Czech Republic) joined the European Union, I joined Lexecon Ltd. in London. This move allowed me to move back to Europe, after living in the U.S. for eleven years. It also gave me opportunities to move closer to my family in Prague and continue with the kind of work I was doing in the U.S.

In 2005, Lexecon Ltd. merged with CRA International, and I was promoted to my current position as an Associate Principal in their European Competition Policy Group. Most of my current work focuses on merger analysis and cartel investigations. As the Commission and (some of) the national antitrust authorities are getting very sophisticated with their data analysis, I am increasingly getting to work on very interesting matters; for example, I did a merger case, in which I calibrated a structural model to study how firm's incentives to grant a license would change with a different market structure. I am also doing work in Eastern Europe, which allows me to be back home quite often. However, given that I just bought a flat in central London, it will probably be a while before I move there permanently.

Sergei Izmalkov, 2002

After graduating in 2002, I came to Massachusetts Institute of Technology as an assistant professor. I am a game theorist particularly interested in the design and analysis of auctions—focusing on the ability of auctions as market mechanisms to allocate efficiently. As an example, a few of my papers, some continuing research of my advisor, Vijay Krishna—to whom I am forever grateful—and some jointly written with another Penn State graduate (2004), Oleksii Birulin, show that an open ascending-price auction—the most popular type of an auction, used from selling wives in Babylon to eBay—is a remarkable mechanism. It both allocates

goods efficiently under variety of settings and can be used by sellers to generate the most revenue possible even if buyers are not similar.

Recently, I had two amazing events in my life. My wife, Tatiana Mikhailova, a graduate of 2002, and me had a second daughter, Ekaterina, born in July. Everyone is feeling great, and we are very happy that our first-born, Daria, now 5, so far defies the notion of sibling rivalry. She is extremely helpful in talking to and watching for her little sister.

I also hooked up with a pair of computer scientists here at Massachusetts Institute of Technology, Silvio Micali and Matt Lepinski, and our collaboration so far has been a constant source of excitement. By bringing Cryptography and Game Theory together we can show something unbelievable—we can eliminate trust from design of game mechanisms and simultaneously guarantee full privacy. And, for Computer Science, we formulate and show how to obtain a new and much stronger notion of secure computation that is based on player's rationality and not honesty as was assumed previously. The first outcome of our joint efforts is appearing in Proceedings of 46th Annual IEEE Symposium on Foundations of Computer Science, 2005.

Claudio Nogueira, 2002

After graduating from Penn State, where I received a master's degree in economics, I joined the economics department at the University of Fortaleza (the largest university in the state of Ceara, Brazil) as an assistant professor, where I teach microeconomics and applied econometrics.

For the last three years, I have also been working as public policy analyst at the Economic Research and Strategy Institute of Ceara (IPECE), at the social studies division. At IPECE, I have participated in several projects, including the creation of Ceara's social policy evaluation system. I have been married for three years now and, in January 2006, I became the father of a beautiful boy named Andre. I can be reached at clanog@yahoo.com.

Myles Callen, 2000

I spent two years as a visiting professor at the University of Virginia before accepting a position as an assistant professor at Clark University in

Worcester, MA. Since graduation, my research interests have been diverse. Initially my area of interest was real time data analysis, currently I am working on projects related to open economy macroeconomics, and money and banking.

It was in the area of open economy macroeconomics that my first graduate student received his Ph.D. (in the summer of 2004). He is currently working in Prince Sultan University in Saudi Arabia. He is also proof of how time flies. My graduation ceremony was in the summer of 2000, with the memory of that still fresh it was a strange, and highly enjoyable, experience to be "on the other side" of the dissertation process. I am currently working with other graduate students on topics as diverse as (bank) loan loss provisioning, dollarization, and financial derivatives.

The non-academic side of my life has been busy too. In January 2002, I got married in Dublin. After a seven month visa process, my wife, Deirdre Ni Chonaill, joined me in MA. She is currently the web manager at Clark University. We are enjoying our lives here in Worcester as "clarkies." My e-mail address is mcallan@clarku.edu.

Tom Cone, 2000

I am an Assistant Professor in the Department of Business Administration and Economics at SUNY (State University of New York) College at Brockport. Before that I was a Lecturer for two years at Wayne State University in Detroit, MI. I teach Macroeconomics, Money and Banking, and Financial Institutions at the undergraduate level. My main research interest is learning and expectations formation, particularly as applied to Macroeconomics. My work has been published in *The Journal of Monetary Economics* and *Economics Letters*. I have a wife, Karen, and son, Alex.

During my flyout interview here at SUNY Brockport, a Professor of Finance remarked something to the effect of, "Penn State seems to have a pretty good Economics graduate program." It is pleasing that this impression has reached someone who is not an economist!

Michele Gambera, 1998

On graduation from Penn State in 1998, I was offered a position as an economist in Supervision and Regulation with the Federal Reserve Bank of

Chicago. I conducted applied and academic research on the banking industry and participated in Federal Reserve System meetings and committees, where I worked with Don Conner, a fellow Penn State graduate.

In the summer of 2000, I was hired by Morningstar, the independent investment analysis company. As a senior quantitative analyst, I put economic research into practice; for example, I am one of the three persons who developed the new Morningstar Rating (fund star rating) in 2002, based on a CRRA utility function. Recently I was promoted to Chief Economist of Morningstar Associates LLC, a registered investment adviser, and have worked on applying economic theory to asset allocation. In 2003 I became a CFA charterholder—a tough, but rewarding experience.

My publications include articles in *Journal of Finance*, *Journal of Economic Literature*, *Business Economics*, *Journal of Investing*, and *Journal of Performance Measurement*.

In my free time, I have taken adjunct positions at Loyola University Chicago and more recently at the Illinois Institute of Technology, where I taught econometrics to Masters of Finance students. I also took advantage of classes offered by Chicago's German cultural center (Goethe Institut) and brushed up my German. I completed one marathon (Chicago 2000) and two triathlons (Chicago 2004 and 2005). In the triathlons, I crossed swords (well, maybe bikes) with Charles "CB" Friedland, another old friend and Penn State graduate.

Steven F. Koch, 1996

Since graduating from Penn State in 1996, I have taken the road less traveled, from a visiting position at the University of South Florida to a tenure track position at Georgia Southern University, which I left for a position in sunny South Africa. I am currently a professor of economics at the University of Pretoria, and involved in various research and teaching initiatives across the country and the continent, including Economic Research Southern Africa and the African Economic Research Consortium.

I remain a generally light traveler, without a wife or any children. Aside from being busier than I ever imagined, I find time for golf, sightseeing, and

learning about the culture. Fortunately, golf is a year-round sport here, so I can usually find time. Even more fortunate, is the fact that Africa, in general, and South Africa, in particular, are stunningly beautiful places, so there is no lack of sightseeing options. Finally, the people are, of course, quite different from the ones surrounding me as I grew up, so there are countless opportunities to learn about different people, their cultures, and their views on the world. The road may have been different, but like all academics, not a day passes during which I do not learn something rather exciting.

Spiros Bougheas, 1992

After leaving Penn State in 1994, I crossed the pond and started an academic career in England. Initially, I joined the Business School at Staffordshire University, and in 1999, I joined the School of Economics at the University of Nottingham where I am an Associate Professor. My main area of research is applied contract theory and the majority of my work is on financial markets. I am also an internal fellow at GEP, a research center that specializes in globalization issues and recently I have done some work on issues related to economic inequality and trade.

I enjoy life in Nottingham where I live with my partner Katy, our 22 month old son Petros (Peter) and, at the time of the writing, our approximately minus ten days new baby.

Adrienne Kearney, 1992

The path I ended up taking has been full of challenges and learning since graduation. It began at the University of Delaware in 1992 at Newark ("New-ark"), Delaware. In 1993, I moved to the Congressional Budget Office in Washington, D.C., where I worked as an international economist in the Macroeconomic Analysis Division. In 1997, I moved to the University of Maine, Department of Economics, where I am currently an Associate Professor and on sabbatical! My research focus continues to be in the areas of monetary economics, financial markets and asset prices. I have just submitted an article with Ray Lombra on the influence of derivatives on gold prices.

By the time you read this, I will have visited

Penn State during Spring Break and enjoyed walking on the vast and beautiful campus and seeing (and remembering) the professors who gave me the background and training that greatly contributed to my efforts and successes in my career in economics.

Aimin Chen, 1990

After graduating in 1990, I taught at Colgate University as a visiting assistant professor for one year. I was hired as an assistant professor at Indiana State University (ISU), where I was awarded the Distinguished Professor of the College of Arts and Sciences in 2005.

I am currently on leave from ISU, having assumed the position of vice president at Sichuan University in Chengdu, China, one of eight vice presidential positions at the university. After an intensive and rigorous selection process, I became the first overseas candidate to be offered the position of vice president at the university which is ranked eleventh among research universities in China. The university has about 54,000 regular students, more than 40,000 continuing education and web/internet students, and approximately 11,000 current faculty and staff.

At Sichuan University, I am in charge of the Accounting Department, the State Asset Management Department, the Office of Social Science Research, and Sichuan University Journal (Social Science Edition), and the economics relationship with two independent colleges.

I have a daughter, Susan, who was born in State College. She is a junior in high school and has received numerous awards and scholarships. Her goal is to attend a top university in the U.S.

Amy Hwang 1990

After leaving Penn State in 1991, I joined the Institute of Economics at Academia Sinica (IEAS) in Taiwan located at the outer-skirt of Taipei city. Academia Sinica is a government-sponsored multi-disciplinary research organization that undertakes in-depth academic research on various subjects in the sciences and humanities. All researchers here enjoy independence and autonomy in formulating his/her own research objectives.

After spending the first couple of years working on trade-related industry studies, I became

interested in issues related to sustainable development. In recent years, Taiwan has been confronted with various pollution problems involving mudslides, flood and/or drought, and loss of biodiversity. Currently I am working on a couple of projects “An ecological-economic integrated general equilibrium model” and “Taking ecological carrying capacity into trade consideration.”

My son, Albert, who was born in State College, is in college now. His major is environmental biology. Miraculously, he was assigned this major by computer (this is how Taiwan’s system works), much to my delight.

Sungwon LEE, 1989

After finishing my Ph.D. in 1989, I returned to Korea and joined the Korea Transport Institute (KOTI), which is a government affiliated research institution dealing mainly with land and air transport issues. Surprisingly, I found that economists can contribute much in transport policy-making with their economic and econometric methodologies. Those who are still skeptical can check with Dan McFadden. My recent research interests also include application of stated preference (SP) methodology and infrastructure investments in the transportation field.

My career with KOTI took a couple of sidesteps. I worked as the Advisor to the Minister with the Ministry of Construction and Transportation in 1996 and 1997. In 2001 and 2002, I worked at the Japan Institute for Transport Policy Studies as a visiting researcher. After returning to KOTI, I took several positions including the Head of the Transport Environment Division, Director of Research Planning and Coordination and Director of the Center for Logistics, Transport Economics and Northeast Asian Transport Studies.

From March 10, 2006, I will be visiting the University of California, Davis for one year as a visiting scholar.

Ken Reynolds, 1989

Since leaving Penn State, I have worked as a manager, researcher, and consultant for the Air Force, Office of the Secretary of Defense (Secretary of Defense’ Richard Cheney’s staff), RAND, and SRA International. I have also acted as a consultant to the Federal Aviation Administration, Department of Transportation, Health

and Human Services, Department of Defense, Department of Labor, and several private sector organizations.

My primary experience encompasses measuring individual and organizational performance using the economics of contract design coupled with econometric modeling. Specifically, I have developed models to assess the performance of innovative logistics contract design, and to gauge the overall effects of acquisition reform policies on Air Force performance. The results of this work has been used by the Air Force to change their logistics depot-level repair contract design policies in order to improve efficiency.

More recently, I completed an econometric model that measures a Department of Defense career civil servant’s promotion performance, and specifically identified policy programs such as training and mentoring that contribute to their promotion success. I also developed a microsimulation that included econometric models to measure the impact of Chronic Fatigue Syndrome (CFS) on an individual’s employment and household productivity. This work on CFS has been published in *The Journal of Cost Effectiveness and Resource Allocation*. More recently, I developed a mathematical pricing model for a new subscription fee for service for Health and Human Services.

I am currently a principal and senior economist at SRA International, and I teach graduate and undergraduate applied econometrics as Adjunct Professor of Economics, Department of Economics, George Mason University, Fairfax, Virginia.

Andreas Theophanous, 1988

After receiving the M.A. and Ph.D. degrees in Economics from Penn State in 1985 and 1988 respectively, I joined the Intercollege, Nicosia, Cyprus, with specialization in Political Economy and European Studies where I am now a Professor of Economics.

From late 1990 to early 1993, I served as an Advisor to the President of the Republic. Since then I have been the Director General of the Research Center - Intercollege (which I co-founded) in Nicosia, Cyprus. I am currently the Head of the Department of International Relations (now transformed to Department of European Studies and International Relations) which I started at Intercollege in 1996.

During my tenure at Intercollege, I visited several European, American, and other universities and think-tanks. These included the London School

of Economics, the Brookings Institution, the Woodrow Wilson International Center of Scholars, the Center for European Integration Studies – University of Bonn, the Hebrew University of Jerusalem, and the University of Athens. In October 2000, I was honored with the “Yiannos Kranidiotis Annual Award for Pioneering and Creative Work.”

I have published numerous articles, mainly on economic and political issues, and organized several international conferences and research projects. I am also the author of several books written in both Greek and English. The most recent of these books are *European Cyprus: Constitutional Structure, Economy and Society Accession and The Scenarios for a Solution to the Cyprus Problem* (2002) (in Greek), *The Annan Plan and the European Option* (2003) (in Greek), and *The Cyprus Question and the EU: The Challenge and the Promise* (2004). I have also co-authored and co-edited several books, including *The Liberalization of Interest Rates and Capital Mobility and the Repercussions on the Cyprus Economy and on the Cooperative Credit Movement* (2003) (in Greek), with Tirkides, Tompazos, Evagorou and Pelagidis and *EU Enlargement and New Security Challenges in the Eastern Mediterranean* (2004), with Papacosma and Sperling.

I am married and have three sons, Phedias, Andronikos, and Evagoras.

Emsley Tromp, 1985

After I left Penn State, I joined the Shell Curacao refinery. After Shell ceased its operation in Curacao, I went to work for the Bank van de Nederlandse Antillen (Central Bank) as monetary analyst while teaching part-time at the University of the Netherlands Antilles. Subsequently, I moved through the ranks and became Governor of the Bank of the Netherlands Antilles at the age of thirty-one in 1991.

As Governor of the Central Bank, I was responsible for negotiating three Fund (IMF) supported programs for the Netherlands Antilles and served in various Committees dealing with economic and supervisory issues. The Central Bank in the Netherlands Antilles is also responsible for the supervision and regulation of the financial sector—banking, insurance companies, pension funds, credit associations, trust companies, and mutual funds.

For four years, I also chaired the Board of the Center for Monetary Studies for Latin America and the Caribbean (CEMLA)—an association of central bank governors of the American continent and Spain. I was

also a board member of the Board of Regencies of the University of the Netherlands Antilles. I served on various boards and am an important advisor to the government in matters dealing with the economy of the Netherlands Antilles.

I am also very active lecturing in the Caribbean, Latin America, and in Holland (google search). As an alumni of the Penn State Econ department, I am very proud to be able to make this contribution.

Donald Alexander, 1983

After graduating from Penn State, I joined the Economics Department at the College of William and Mary in Williamsburg as a visiting professor. After a year we moved to Pittsburgh, where I became the campus economist at Penn State New Kensington campus. We enjoyed our years in Pittsburgh, and our children were both born there.

In 1988, I accepted a position at the Federal Trade Commission. My first assignment was to work on a high-profile merger case. I quickly discovered that the challenge and fun of merger analysis was to apply the IO theory that I learned in graduate school. In addition, the legal and political environment of the FTC provided even more excitement than I ever imagined.

In 1989, I joined a subsidiary of the Howrey and Simon law firm, working mainly on antitrust and regulatory analysis. While the experience was valuable in many unexpected ways, the long hours spent in the office conflicted with my desire to spend more time with Donna and the kids.

In 1991, I joined the Economics Department at Western Michigan University in Kalamazoo, where I have lived and worked ever since. At Western, I teach courses in Antitrust and Regulation economics. My brief experience at the FTC and at the consulting firm have been invaluable in these courses, and have provided me with many unanticipated consulting opportunities here in Kalamazoo. I learned that a dissertation defense is stressful, but nothing compared to deposition testimony in a major antitrust litigation.

My daughter now attends Western and is a sophomore in the Business College. My son will graduate from high school this spring and will attend Indiana University next fall.

I have really enjoyed reading about all the wonderful accomplishments of the many students who have graduated from the Ph.D. program. The positive externality created by their successes makes me proud to be a Penn State graduate.

Economics Alumni Newsletter
Department of Economics
608 Kern Graduate Building
The Pennsylvania State University
University Park, PA 16802

**The Economics Alumni Newsletter is a publication of Penn State-University Park,
Department of Economics.**

Editor: **Bee-Yan Roberts**
Contributors: **Mark Roberts, Barry Ickes, Kala Krishna, Ed Green,
Neil Wallace, Isabelle Perrigne, Vijay Krishna, and numerous
Economics alumni**
Design and Production: **Tammy Accordino**
Web page support: **Brad Winters**

**The Economics Alumni Newsletter is available in PDF-format on-line at
<http://www.econ.psu.edu/Alumni/newsletter.pdf>**

This publication is available in alternative media on request.

The Pennsylvania State University is committed to the policy that all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. It is the policy of the University to maintain an academic and work environment free of discrimination, including harassment. The Pennsylvania State University prohibits discrimination and harassment against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, sex, sexual orientation, or veteran status. Discrimination or harassment against faculty, staff, or students will not be tolerated at The Pennsylvania State University. Direct all inquiries regarding the nondiscrimination policy to the Affirmative Action Director, The Pennsylvania State University, 328 Boucke Building, University Park, PA 16802-2801; Tel 814-865-4700/V, 814-863-1150/TTY. U.Ed. LBA 06-240