

# ALUMNI NEWSLETTER

## ECONOMICS

### SUMMER 2010

## INSIDE

Introduction	1
Message from the Head	2
Comings and Goings	3
Conferences	4 - 5
Economics Society	6
Understanding Health Care Costs	7 - 8
New Faculty Profiles	9 -10
Faculty News	11
Graduate Program	12
Interviews with Most Recent Alumni	13 -14
Fall Picnic	15
Alumni On the Move	16
Alumni News & Updates	17-19



Welcome to the fifth edition of the Department of Economics' Alumni newsletter.

One of the rewards of editing the newsletter is the pleasure of staying in touch with so many of our alumni, from those who just left us to others who graduated from our department decades ago. Thank you to those of you who regularly keep us in touch with what you are up to. We always look forward to adding to this list of contributors.

This fifth edition is heftier with news that accumulated during my sabbatical last year. In this issue we have put together the reports on various activities of the department since spring 2009 as well as news on the activities of our alumni. We have added a couple of new features in this edition. The first is to profile the research of two of our new faculty, Steven Yeaple and Jonathan Eaton. The second is to feature the economics underlying a topic of current interest in our economy. In this issue, Ed Green kindly agreed to share his thoughts on understanding the rising costs of healthcare.

We continue the feature in past issues that has proven very popular with our current graduate students: candid responses of our youngest alumni to questions regarding their experiences, memories and perspectives on graduate school. Thanks to Alexey, Andrew, Byung Soo, Kerem, Sarah, and Sascha for your contribution to this tradition.

Finally, we now have a Facebook group page, [PSU-Econ Grad Alumni](#), that I hope will make it easier for you to communicate with us and your fellow alums. We are always eager to hear from you, and I hope that this newsletter encourages you to keep in touch. Please feel free to send me an e-mail ([byr@psu.edu](mailto:byr@psu.edu)).

Bee-Yan Roberts

## FROM THE DESK OF THE ACTING DEPARTMENT HEAD



I started my eighteen-month term as Acting Head in January, and it is thus my pleasure to report to you on developments in our department. We had an exciting year. Jonathan Eaton joined the department this academic year, making an already strong international group even stronger. We also welcomed Adam Slawski a

new Ph.D. from the University of Minnesota who works in macroeconomic theory. We also recruited successfully for 2010/11, hiring two new assistant professors: Saroj Bhattari from Princeton who works in international macroeconomics and Paul Grieco from Northwestern who works in industrial organization. They will join us in the fall.

Continuing with new developments, we were happy to add a new research center, CRIFES, the Center for Research on International Financial and Energy Security. And we held our third annual CAPCP Conference, which by all accounts was very successful. Among the many distinguished speakers were Nobel Laureate Rob Engle from NYU and Robert Wilson from Stanford. CAPCP and CRIFES are supported by generous funding from the Human Capital Foundation. We also held the first annual New Faces in International Economics Conference where new Ph.D.'s in international economics presented their job market papers.

Despite a difficult year in the academic job market our PhD's had great success, as Director of Graduate Studies Vijay Krishna reports on elsewhere in this newsletter. Vijay has also done a great job in recruiting new graduate students. He has been able to increase the size of the entering classes without any sacrifice of quality. We expect that these new cohorts of graduate students will be successful and eventually join you

as enhancers of our department's reputation.

Along with comings there are also goings. Naomi McNulty, the department's administrative support coordinator retires this summer. Over the past 10 years, Naomi has made sure that all the trains ran on time and ensured that the department is served by the best group of staff possible. Lynn Sebulsky will be leaving our department to become senior administrator in Psychology. We are grateful to them for their services to our department.

So far, the department has been able to cope well in trying economic times. We will continue to work hard in coming years to build the department. A big part of the reputation of the department comes from the success of our graduates, and I hope you stay in contact with us and feel a part of the department.

— Barry Ickes

### 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:

Vijay Krishna (vkrishna@psu.edu)

#### Co-Directors of Undergraduate Studies:

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

## COMINGS AND GOINGS

### Welcome



**Jonathan Eaton** joined the Department of Economics in fall 2009. Jonathan is a leader in the field of international economics, with path-breaking research on sovereign debt, trade policy, and more recently, the new generation of models of international trade, among other topics. He won the Frisch Medal (with Samuel Kortum) in 2004 for their paper "Technology, Geography and Trade," published in *Econometrica* in 2002. He was vice president of the American Economic Association in 2003, is one of two editors of the *Journal of International Economics*, and has been a Fellow of the Econometric Society since 1995. Jonathan comes to Penn State from New York University, where he was professor of Economics since 2003. Previously he was at Princeton University, Yale University, University of Virginia and Boston University. He graduated summa cum laude from Harvard as an undergraduate and obtained his Ph.D. at Yale University.



**Adam Slawski** earned his Ph.D. in economics at the University of Minnesota. In fall 2009, Adam joined the Department as an assistant professor. His research is in the area of financial economics, focusing on asset pricing under asymmetric information. His job market paper explored the possibility of speculative trade in durable assets (i.e., trade motivated by differences in people's beliefs regarding an asset's intrinsic value). Adam's dissertation analyzed the possibility and dynamics of speculative trade and speculative bubbles in financial markets. His current research extends his dissertation agenda to incorporate asymmetric information, with the presence of learning frictions and with non-standard preferences.



**Travis Letellier** is a Ph.D. candidate from Florida International University in Miami. He holds an M.A. degree in Economics, a B.A. in International Business, and a B.S. in Finance from Northern State University in South Dakota (both awarded summa cum laude and *In Honoribus*). Travis is originally from South Dakota where his family still lives. Travis joined the department as lecturer of economics in fall 2009. He teaches

sections in Introductory Macroeconomics, Intermediate Macroeconomics, and Current Economic Events (Behavioral Economics). Travis's research interests lie in behavioral economics and media politics, a specialization that combines economics, political science, and journalism into a cohesive story that explains why people vote. Travis also enjoys consulting in the Washington, D.C. policy arena. He has served as an energy industry analyst for the Federal Energy Regulatory Commission (FERC) and as a Congressional staffer in the U.S. House of Representatives. At the FERC, Travis's research centered on U.S. electricity deregulation. A significant portion of his investigation into the 2001 California electricity crisis was ultimately published as a FERC Executive Order. These reports offer solutions to identifying possible market design failures, and the findings therein have since helped to establish guidelines for the more effective investigation and prosecution of manipulative market practices.

### Goodbye

**Clare Smith (Lecturer), Misty Stone (Lecturer) & Lynn Sebulsky (Staff)**

Clare accepted a new position as an assistant professor of Economics at St. John Fisher College in Rochester, NY. He is looking forward to the smaller liberal arts environment and the location of St. John's is closer to family in western New York as well. He will be teaching Micro Principles and Labor Economics this fall and possibly classes in Public Choice and Law and Economics in the future.

Lynn Sebulsky who has been responsible for the production of this and past issues of the alumni newsletter (among her other duties) will be joining the Psychology Department at Penn State as a senior administrator.

We wish Clare, Misty, Lynn and their families all the very best for the future.

## CONFERENCES

### 3rd Annual CAPCP Conference April 29 – May 2, 2010

The Center for the Study of Auctions, Procurements and Competition Policy (CAPCP) held its third annual conference from April 29 to May 2, 2010. While most of the theoretical and empirical sessions in the previous two conferences were devoted to auctions and competition policy issues, some additional topics on health economics and matching were introduced this year to cover current issues of interest in the economics profession. The program included fourteen papers presented by Ariel Pakes from Harvard University, Hal White from University of California-San Diego, and Bob Wilson from Stanford University among others. After the Friday dinner at the Hintz Alumni Center, Rob Engle, Nobel Laureate 2003, from New York University, gave a lecture on new risk measures for top U.S. financial firms conducted by the Volatility Lab, which is sponsored by CAPCP. On Saturday afternoon, Barry Ickes chaired a round table on energy issues. Compared to the first two conference, this latest conference had an increased attendance of more than 100 participants at every session including a significant proportion of graduate students of Penn State.

-Isabelle Perrigne



Robert Wilson being presented with a Penn State souvenir.



Barry Ickes with Kerem Cosar and Felix Tintelnot.



Robert Engle was one of our keynote speakers.



Ariel Pakes giving his talk on "Finite State Dynamic Games with Asymmetric Information".



Among the guests are four department alumni: (from left) Serguei Izmalkov, Isa Hafalir, Daniel Xu, and Andrei Karavaev.

## CONFERENCES

### ***New Faces in International Economics Conference***

**May 10-11, 2010**

This year the Economics Department launched a new conference titled "New Faces in International Economics." The conference gathers at Penn State the top Ph.D.s in the field to present their job market papers as well as the top junior economists in international economics to serve as discussants of those papers. This year, five "new faces" presented their research: Lorenzo Caliendo (University of Chicago), Kerem Cosar (Penn State), Swati Dhingra (University of Wisconsin), Loris Rubini (Arizona State University), and Kevin Weisman (University of Minnesota). The discussants were Costas Arkolakis (Yale University), Cecilia Fieler (University of Pennsylvania), Natalia Ramondo (Arizona State University), Jonathan Vogel (Columbia University), and Michael Waugh (New York University).

The conference achieved several purposes: it gave the presenters excellent comments and feedback to improve their research; it gave the invited and local faculty the opportunity to interact with these new Ph.D.s and to learn about their research; and, perhaps most importantly, it offered a unique opportunity for our graduates to see the type of research that has been successful in the job market.

-Andres Rodriguez-Clare



A couple of the "new faces" who participated in the conference Cecilia Fieler (left) and Swati Dhingra.

### ***The Cornell-Penn State Macro Workshop***

**April 10-11, 2010**

The Workshop continues to meet twice a year---in the fall at Cornell and in the spring at Penn State. The fall 2009 workshop was devoted to financial fragility and had presentations by, among others, John Geanakopolis (Yale University) and Douglas Gale (New York University). A fairly large group of our students attended and found the workshop stimulating.

The spring 2010 workshop included presentations by Philipp Kircher (Oxford University), Ricardo Lagos (New York University), Felicia Ionescu (Colgate) and Haiqing Xu, one of our students who presented joint work with another student, Yuanyuan Wan, on identification and estimation of a two-by two game in which, in contrast to the existing literature, they allow correlated private information.

As always, if you wish to attend one of these workshops, please let me know.

- Neil Wallace

# ECONOMICS SOCIETY

## Economics Society Lecture

April 1, 2010

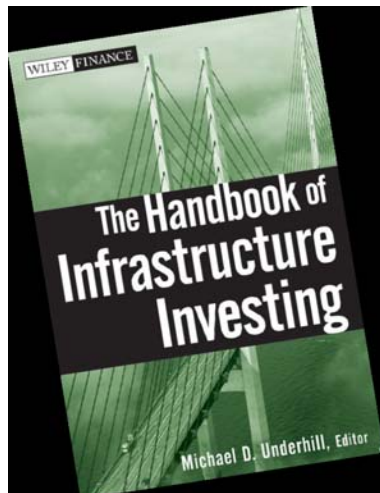
David Macpherson from Trinity University gave an evening lecture on the "Growth of Participant Direction in Defined Contribution Pension Plans: Causes and Consequences" to about 200 undergraduate students.



David was a Penn State undergraduate and a graduate from our Ph.D. program in 1987. We were pleased to welcome him back for the evening lecture which is funded by a grant from the Charles G. Koch Foundation and a number of prominent Penn State alumni. David also gave a separate, highly informative presentation in ECON 315 (labor economics) the next day. During his visit to Penn State, David had the chance to catch up with many of the Department faculty, and he also interacted with many of our undergraduate students. -Dirk Mateer

A new book by one of our alums,

**Michael Underhill**



Michael Underhill graduated from Penn State with a B.S. degree in economics in 1992. He is founder and chief investment officer of Capital Innovations, LLC, where he is responsible for managing the firm's investment activities and chairing the firm's Investment Committee.

## Activities of The Economics Association

The Economics Association (EA) had a very successful year once again. During the fall semester, eleven EA members visited the **Federal Reserve Board of Philadelphia** for "Policy Lessons from the Economic and Financial Crisis" with presentations by Charles Plosser, James Bullard, John Taylor, and Greg Mankiw, to name a few.

During the spring semester, over forty EA members once again visited the **Board of Governors in DC** with talks by Brian Madigan, the current Director of Monetary Affairs (and Penn State Alumnus) and Steve Malphrus, the chief of staff for the Board. This is the sixth consecutive year the EA has visited the board, and we especially enjoy the extensive Q & A sessions held in the boardroom throughout this financial crisis.



The other major event for the EA during the spring was the sixth annual **Great Debate** with this year's topic "The Economics of Legalizing Marijuana". Over 2300 students packed into Eisenhower Auditorium to see a team of five students argue for legalizing vs. five students arguing against legalization. The votes were 4 to 1 for legalizing. One of the highlights of the debate was the concluding 'debate' song written and performed by Mark McLeod.

The EA also held its second Annual Golf Tournament at Toftrees Golf Resort which unfortunately got rained out on the back nine. Better luck next year!

-Russ Chuderewicz

## UNDERSTANDING THE RISING COSTS OF HEALTH CARE BY EDWARD GREEN

### Growing Health Expenditure

Health care reform legislation has been promoted as a way to address a supposed problem of uncontrolled growth of medical expenditure. In the past 50 years, the health care sector of the economy has grown from about 5 percent of GDP to 16 percent of GDP. By Roy's identity, then, avoiding wasteful expenditure in the health care sector is more important today than it was in the past. However, the presumption that health expenditure grows inordinately fast, and that its growth primarily reflects the absence of appropriate cost control, does not stand up to scrutiny.

Secular growth in health care as a share of GDP raises three issues. First, do national income statistics accurately reflect the growth of the level of resources devoted to health care in the U.S. economy? Second, if expenditure is rising, then to what extent is this trend driven by price increases, and to what extent by growth in consumption? Third, if rising consumption is a big part of the story, then can we understand this secular trend as an outcome of people's utility-maximizing decisions, or does it show a growing incidence of irrational decision-making that needs to be constrained by paternalistic regulation?

GDP measures only the value of goods -- that is, a commodities services -- that are sold in the market sector of the economy. Thus, part of the increase in health care's share of GDP may reflect a movement of healthcare production and consumption into the market sector, as opposed to reflecting the production of goods that were not being produced before. One aspect of this movement is the provision of care for indigent and elderly patients.

**...part of the increase in health care's share of GDP may reflect a movement of health care production and consumption into the market sector.**

Sixty years ago, doctors and hospitals were expected to treat indigent patients for free. Consequently, the treatment of indigent patients -- including many elderly patients -- did not show up in GDP. Over time, informal charity in the form of free treatment offered by doctors and hospitals has progressively been replaced by formal government programs, through which doctors and hospitals receive payment to care for indigent and elderly patients. One way to describe this transformation, would be to say that opaque public financing of charitable care through tolerance for monopoly rents has been displaced by transparent financing through explicit transfer programs. To whatever extent this has happened, it is a transfer of health care production into the market sector U.S. economy, not an increase of either the quantity of health care being produced or the resource cost of

producing a fixed quantity. Another, plausibly larger, aspect of the movement of health care into the market sector is the substitution of goods sold in the market sector for services provided in the household sector. Like charitable gifts, services produced in the household sector are not counted in GDP.

As an example of this displacement of home production by market production, consider someone who has had a heart attack. In 1950, someone who had survived a heart attack would be confined to bed for the rest of his (heart attacks were most prevalent among men) life, because even the most mild exertion was feared to trigger the onset of another attack. Therefore, besides the victim being permanently out of the labor force, someone else -- typically a wife or daughter -- would have a full-time job in the home to take care of him. Because the job was in the home, it was not counted in GDP. It was not an officially recognized health care expenditure. In contrast, someone who suffers a heart attack today is likely to receive angioplasty and a stent, along with the bill for about \$20,000, and to be back on his feet, and back on the job if employed, within a month. Arguably, in real terms, \$20,000 in current dollars does not exceed the imputed value of the home caregiver's services in the old days. The difference is that, today, this expenditure on health care becomes part of GDP. Again, resources devoted to health care have moved from a sector of the economy that is not covered in the national accounts to the market sector.

The point of these observations about charitable care and home care is not to claim that the growth of health expenditure merely reflects imperfections of the national accounts, but to suggest that the actual growth rate is somewhat less than the 8.6 percent annual rate of measured growth per capita.<sup>1</sup> The expenditure growth that actually occurs is surely significant, but is not as alarming as the measured growth rate suggest. The next question is whether this actual growth is mainly driven by rising consumption or by rising prices. The prices of inputs for health care do not seem to be rising dramatically faster than inputs for other industries, so a fast expenditure increase that is driven by price would strongly suggest the occurrence of a market failure that legislation or regulation might mitigate. In contrast, there is a presumption that rising consumption would reflect people's rational choices to reallocate their wealth toward healthcare as some features of their environment change progressively over time. One progressive change that a number of health economists consider to be particularly important (and that I will discuss below) is the invention and adoption of new medical technologies. It is completely understandable and reasonable that people want to receive new treatments such as angioplasty. Growth

## UNDERSTANDING THE RISING COSTS OF HEALTH CARE BY EDWARD GREEN

of expenditure as such treatments become available is much less likely than expenditure growth due to rising prices would be, to be symptomatic of a market failure. (A caveat is that misaligned incentives -- particularly due to patent law and other institutions in the market for intellectual property -- may create incentives for rate of technological innovation that is too high to be socially optimal. Such a problem would be analogous to the well-known theoretical problem over accumulation of capital in growth theory). That is, rising expenditure is a more convincing rationale for national health care legislation if it is driven by rising prices, than if it is driven by rising consumption.

The measured rate of price increase for health-care has recently averaged close to 6.1 percent, which is a lot higher than the overall inflation rate of 3.0 percent.<sup>2</sup> Ana Aizcorbe and Nicole Nestoriak, economists in the Bureau of Economic Analysis, have recently suggested that this measured rate is an overestimate. Their argument is that a price index should reflect people's adjustment of their consumption to optimize at changed prices. Just as with other categories of good, overall price change in the health care sector is a composition of some price rises and some price declines, and substitution among medical and surgical treatments occurs as prices change. Surgical staples are invented, and surgeons increase their productivity by using them instead of thread wherever possible. The patent on one of two similar drugs expires, and doctors change patients' prescriptions from the other drug once it becomes generically available. However, in contrast to other components of the CPI, the price index for medical care is computed using fixed weights on a fixed basket of goods. The BEA economists have studied what would be the effect of treating medical expenditure in a way more closely parallel to other categories of expenditure in the CPI. The answer is that, with respect to recent data, it would reduce the measured rate of price increase 6.1 percent down to 4.4 percent, that is, from 3.1 percent down to 1.3 percent above the overall rate of inflation. Thus the properly measured rate of price increase in the healthcare industry is slightly faster than the rate in the economy as a whole, but it is not as nearly as fast as current, rather alarming, government statistics suggest.

Some distinguished economists who have studied this expenditure growth attribute the lion's share of it to people's desire to take advantage of

technological breakthroughs in medicine that are intrinsically expensive, and that are well worth the cost. The above discussion of treatment for heart attacks shows that this expenditure is rational and socially beneficial.<sup>3</sup>

**...the lion's share of the growth in expenditure can be attributed to people's desire to take advantage of technological breakthroughs in medicine that are intrinsically expensive.**

The foregoing considerations suggest that the growth of healthcare expenditure is not as urgent a problem as it is often suggested to be. However, if it should be a policy goal to brake the growth of healthcare expenditure, then there would be two essential things to do. One is to decrease the level of explicit and implicit (for example, via pharmaceutical patents) public incentives for medical research, in order to reduce the rate of technological innovation that is driving expenditure growth. The other is to impose strict rationing on the provision of non-palliative treatment to terminally ill patients. Procedures on patients who die within a year---only 5 percent of Medicare enrollees---account for 30 percent of all Medicare expenditure.<sup>4</sup> Research shows that, on the whole, these procedures have very small positive effect on patients' life expectancy.

<sup>1</sup>Growth rate of nominal expenditure, 1960--2007, computed from table 123 of Health, United States 2009.

<sup>2</sup>According to government statistics (<ftp://ftp.bls.gov/>, accessed June 2, 2010), the CPI-U increased at a 3.0% annual rate between January 2003 and January 2005. Aizcorbe and Nestoriak (BEA Working Paper WP2008-04), compute a 6.1% annual rate of medical cost growth for the same time interval, using the method adopted in currently available price indices.

<sup>3</sup>A detailed study is provided by David Cutler and Mark McClellan, "Is Technological Change in Medicine Worth It?" Health Affairs, 2001.

<sup>4</sup>Amber Barnato, et al., "Trends in Inpatient Treatment Intensity among Medicare Beneficiaries at the End of Life," Health Services Research, April 2004.

## A NEW FACULTY PROFILE

### *Jonathan Eaton on Trade Fluctuations*

The 2008-2009 financial crisis posed two major challenges for international trade economists. One is explaining the spectacular collapse in international trade. According to the Web site of the Bureau of Economic Analysis, U.S. exports of goods in 2009 fell by 18.1 percent from the previous year while imports fell by 26.2 percent. Of course U.S. GDP fell as well, but by only 1.3 percent. Data from other countries show similar patterns. According to the CIA's World Factbook, World GDP declined by about 1 percent, but world trade fell by nearly 25 percent.

A second challenge is understanding why the crisis was so widespread. The CIA World Factbook indicates that only 105 of their 213 reporting entities experienced positive growth between 2008 and 2009, with Australia the only major developed economy among this group. Since trade is ultimately what connects the different economies of the world, it provided the circuitry that spread the crisis worldwide.

Trade economists have been very successful at developing an understanding of the patterns of trade in the cross-section and how trade patterns evolve over long periods of history, relating trade patterns to patterns of endowments and technologies. They have focused less on how trade flows vary over short-periods of time, and how shifts in trade relate to macroeconomic fluctuations.

Two research projects I'm engaged in look at shorter-run fluctuations in trade. One project, undertaken with Marcela Eslava at the Universidad de los Andes, Maurice Kugler at Harvard, C.J. Krizan at U.S. Census, and Jim Tybout here at Penn State, looks at patterns of entry into export markets by individual firms. This project exploits detailed data merging U.S. and Colombian customs and census data, tracking individual transactions between Colombian exporters and U.S. importers. The data reveal that gaining a foothold in the U.S. market is a tough hurdle for most Colombian firms. Most drop out after one export transaction and very few firms are able to acquire additional U.S. buyers after an initial contact. But a few firms manage to develop a wide

range of buyers and survive as exporters for long periods of time. Their sales account for most of Colombian exports. Our work seeks to understand how shocks to aggregate exports reflect the relationships between U.S. buyers and Colombian firms new to the export market, firms dropping out, and firms which remain. A change in the exchange rate, for example, might affect each of these relationships differently. The goal is to develop a theory of how macroeconomic shocks get propagated across countries using a very detailed level of observation.

A second project which I'm pursuing with Sam Kortum, Brent Neiman, and John Romalis, all at the University of Chicago, applies a framework that Sam and I developed earlier to provide an "accounting" of the 2008-2009 world trade collapse described above for 23 countries (major economies plus the "rest of world"). The framework allows us to decompose the decline in trade into the effects of (1) increases in the apparent barriers between countries, (2) shifts in demand toward less tradable goods, (3) declines in productivity, and (4) changes in deficits. Preliminary results indicate that while all four types of shocks were at play during the collapse, the first two account for most of the decline in trade. For some countries, such as Japan, the decline is associated primarily with an increase in barriers while for others, such as the United States, shifts in the composition of demand seem central. The results suggest that for the first set of countries, such factors as a decrease in access to trade finance due to the collapse of the financial sector, which would operate through channel (1) above might have been at work, while for the second set of countries, a reduction in the demand for durables because of investment and inventory considerations were more important.

The Economics Department at Penn State provides a rich environment for research in international trade. It has an excellent and diverse set of economists in the field and a talented and enthusiastic set of graduate students working in the area. Moreover, the close-knit character of the department across various fields make it a lively place to work on these topics.

## A NEW FACULTY PROFILE

### **Stephen Yeaple on the International Diffusion of Knowledge**

Since coming to Penn State, my research has explored the development and international diffusion of knowledge, which is an area of interest to many fields of economics. My work has been somewhat eclectic, involving a blend of theory and empirics from both a micro and macroeconomic perspective. The common thread of this work is that it views issues of the development and international diffusion of knowledge through the lens of multinational corporations. My focus on multinationals is natural because these firms account for the bulk of research and development, and because they can choose where and under what circumstances to use the fruits of their R&D efforts in their far-flung global operations.

In a recent paper with Wolfgang Keller (University of Colorado), we develop a simple model in which knowledge can either be communicated directly to production affiliates abroad or transferred indirectly as embodied in traded intermediate inputs. The model shows how variation in multinationals' market shares abroad and the degree to which their affiliates rely on imported intermediates from their parent firms can be used to infer the limits to knowledge transfer. Using firm-level data, we estimate the model and show that even in the world of the internet knowledge transfer costs can be substantial, particularly in high R&D industries.

In work with my new colleague, Andres RodriguezClare, along with Natalia Ramondo (Arizona State) and Costas Arkolakis (Yale), we develop and

calibrate a general equilibrium model that incorporates both trade frictions and frictions to overseas expansion in order to measure the gains from openness. Again, a key channel for gains from openness is the opportunity for technologies to move internationally within multinationals to where they can be used most efficiently. While this project is still in its early stages, the gains from multinational production appear to be as large as the gains from international trade in goods.

The availability of good data on multinationals and a few organizing principles have served me well over the decade that has passed since obtaining my doctorate and has allowed me to address a diverse set of issues. Some of these issues are familiar to the industrial organization literature, such as the determinants of the boundary of the firm and the explanations for waves of cross-border mergers and acquisitions. Other issues have a pure trade theory flavor, such as the interaction between trade costs and factor endowments in determining the international location of production.

Moving to Penn State has been one of the most exciting developments in my career. I have been blessed with colleagues who are highly talented, extremely committed, and who have a wide range of interests. Their fresh perspectives on topics that had at times seemed to be growing stale have proven rejuvenating. As a trade economist, I know the benefits of specialization, but I have a growing appreciation for the importance of being open to alternative approaches and perspectives.

### **Looking for your long lost friend from Penn State—Economics?**

If so, we can help. The department has an alumni database. To search for a fellow alumni, go to:  
[www.econ.psu.edu/Alumni/alum\\_contacts.html](http://www.econ.psu.edu/Alumni/alum_contacts.html)

**NEW for 2010**

**Please visit and join the Alumni Facebook page: PSU-Econ Grad Alumni**

## FACULTY NEWS & AWARDS



Standing L-R: J. Eaton, J. Tybout, N. Wallace, S. Yeaple, A. Monge, V. Krishna, R. Marshall, T. Papageorgiou, S. J. Jun, A. Slawski, E. Green, M. Stone, T. Letellier, C. Smith, Kneeling L-R: B. Ickes, A. Rodriguez-Clare, M. Roberts, M. Galenianos, B. Roberts, R. Zhou, D. Goldstein

In the week of May 18-22, 2009, **Herman Bierens** delivered two keynote addresses at the Primer Congreso Científico Internacional en Economía y Finanzas, in Quito, Ecuador, on "Consistent Model Specification Tests" and "Semi-Nonparametric Modeling and Estimation."

**Tymofiy Mylovanov** will be spending the academic year 2010/2011 at the University of Pennsylvania as a visiting professor.

### Grants and Such

In September 2009, the National Science Foundation awarded **Tymofiy Mylovanov** a three year grant on "The informed principal."

**Joris Pinkse** and **Sung Jae Jun** were awarded a National Science Foundation grant titled "Quantile models, Endogeneity, Identification, and Semiparametric Methodology," starting September 2009 for three years.

**Jonathan Eaton** and **Jim Tybout** received a three-year National Science Foundation grant last summer for their project on "Search and Learning in Export Markets."

### Faculty Awards

**Sung Jae Jun** was appointed Strumpf Early Career Professor in Economics effective from January 1, 2010 to June 30, 2012.

**Vijay Krishna** received the Liberal Arts' Distinction in the Social Sciences Award which was presented to him at the Spring 2010 College of the Liberal Arts Alumni and Faculty Awards Reception on March 25, 2010.

**Jim Tybout** was presented with the External Research Incentive Award from the College of the Liberal Arts.

### Department Awards for Outstanding Undergraduate instruction:

#### Fall Semester, 2008

**Stephen Yeaple** (Econ 433)  
**Travis Letellier** (Econ 304)  
**James Jordan** (Econ 302H)

#### Spring Semester, 2009

**Mark McLeod** (Econ 302)  
**Edward Coulson** (Econ 400M)

### Staff Awards:

**Gay Catherman** received the 2010 Outstanding Office Professional Award sponsored by the Penn State Educational Office Professionals

### Faculty Publications with Alums:

Aw, Bee Yan, Mark J. Roberts and **Daniel Xu**, "R&D Investment, Exporting, and Productivity Dynamics," *American Economic Review*, forthcoming.

Bierens, Herman J., and **Luis Martins**. "Time Varying Cointegration," forthcoming in the *Econometric Theory*, 26.

Chatterjee, Kalyan and **Siddhartha Bandyopadhyay**, "Crime reporting; profiling and Neighbourhood observation," *BE Journals in Theoretical Economics (Advances tier)*, Vol. 10, Issue 1, 2010.

Chatterjee, Kalyan and **R. Vijay Krishna** "On preferences with infinitely many subjective states," *Economic Theory*, forthcoming.

**Demidova, Svetlana** and Andres Rodriguez-Clare, "Trade Policy under Firm-Level Heterogeneity in a Small Economy," *Journal of International Economics*, Vol. 78, Issue 1, June 2009, Pages 100-112.

**Katayama, Hajime**, Susumu Imai and Kala Krishna, "Protection for Sale or Surge Protection?" *European Economic Review*, Volume 53, Issue 6, August 2009, Pages 675-688.

**Ivan Cherkashin, Svetlana Demidova**, Susumu Imai and Kala Krishna, "The Inside Scoop: Acceptance and Rejection at the Journal of International Economics." *Journal of International Economics*, Volume 77, Issue 1, February 2009, Pages 120-132.

## GRADUATE DIRECTOR NEWS

We are in the process of growing the size of the graduate program slightly, admitting about 20-24 students—up from 15-18 in previous years. This is driven mainly by the tremendous growth in the undergraduate program and the consequent need for additional teaching assistants. Next fall's entering class consists of 23 students who constitute, as usual, a diverse international group. Mercifully, there have been no changes to the program this year, so the new class will not be subjected to any gruesome curricular experiments.

Last fall was a very successful placement season for us. Not only did all nine of the graduating Ph.D.s find gainful employment in, what was by all accounts, a difficult job market, but the quality of placements was very high. We have continued the conquest of economics in the southern hemisphere—two students got jobs in Australia, making a total of seven in the last few years. So if you decide to visit “down under,” you will find many fellow alums populating the various departments there (Adelaide, Canberra, Sydney).

It is gratifying to see our alumni all over the world and doing well. An applicant we admitted to the program for next fall wrote that he received a letter of admission from Harvard that was signed by Roland Fryer, Jr. (PSU, 2003) and a letter from Carnegie Mellon that was signed by Isa Hafalir (PSU, 2007). Not too shabby.

On a sadder note, Lynn Sebulsky, who has shepherded the graduate program in the last few years, is leaving us to become a senior administrator in the Psychology department. We will all miss her warm and caring personality. - Vijay Krishna

### *Graduate Student Awards*

**Byung Soo Lee** is the Fall 2008 Outstanding Recitation Instructor in the Department (Econ302).

**Felix Tintelnot** has been selected to participate in the 2010 Argonne-Chicago Institute on Computational Economics (ICE10) held on the campus of the University of Chicago, July 19 – July 30, 2010. The ICE was formed by a team of economists and computational scientists to foster development of computational economics, and forge intellectual ties between the economics and applied mathematics communities.

### **2010 PhD graduates:**



Front, left to right: **Sarah, Kerem, Byung Soo, Gaurab, Alexey, Andrew, and Sascha.** Back, left to right: **Ivan and Koichi**

**Alexey Kushnir**- “Preference Signaling in Matching Markets.” Alexey has accepted a position as assistant professor in the Department of Economics at the University of Zurich.

**Sarah Polborn**- “Essays in Environmental Economics.” Sarah has accepted a position as assistant professor at the University of Aarhus, School of Business, Denmark.

**Andrew Rice** - “Uncovering the Causal Pathways of Health and Education Choices.” Researcher, University of Wisconsin, Value Added Research Center

**Kerem Cosar** - “Essays on International Trade, Labor Markets and Human Capital.” Kerem has accepted a position as assistant professor at the University of Chicago in the Booth School of Business.

**Byung Soo Lee**- “Essays in Game Theory.” Byung Soo has accepted a position as assistant professor at The University of Toronto in the Rotman School of Management.

**Sascha Claudius**- “Essays in Macroeconomics Theory and Political Economy.” Sascha has accepted a position at the Ernst & Young, Hamburg, Germany.

**Koichi Miyazaki**- “Essays on Public Economics.” Koichi has accepted an assistant professor position at the National Taiwan University.

**Gaurab Aryal**- “Essays in Structural Estimation of Multidimensional Screening Models.” Gaurab has accepted a position as assistant professor at Australia National University.

**Ivan Cherkashin**- “Essays in International Trade.” Ivan has accepted an assistant professor position at Australia National University.

## INTERVIEWS WITH OUR MOST RECENT GRADUATES

Every year we say goodbye to our most senior graduate students who transition from lives filled with taking exams, writing papers, and their thesis to professional, government, or academic positions in the real world. This year I posed 3 questions for their consideration and here is what they had to say:

### What are the important skills that you acquired in graduate school that made a difference in your training as an economist?

**Andrew Rice:** The two most important skills I learned in graduate school were to be skeptical of any argument, and how to be clear in my own arguments. There is plenty of misinformation out there even at the cutting edge of the research frontier and without my training it would be hard to tell the difference between statistical hocus-pocus and actionable information about the world we live in. On the flip side, it amazes me how useful the common language of Economics is in describing complicated ideas in a manner that can be quickly digested. While I am still learning this art, there are some masters in the department that have helped me tremendously.

**Sarah Polborn:** Overall, graduate school has been a very rewarding experience. Although it's been challenging and stressful at times, I really enjoyed the past five years. The Penn State graduate program provides very solid fundamentals. I feel that it prepared me very well

**Sascha Claudius:** Learning new material quickly and getting a good handle on time management is something I have learned to appreciate throughout my time here at Penn State. Also, overcoming the inclination to procrastinate and trying to finish projects was a valuable lesson for me. Other than that, working with data was obviously very helpful as well as learning to think about confusing problems in a structured way.

**Byung Soo Lee:** I do not know if you can call this a skill, but I have learned how to ask questions. I suppose that this skill is still very much a work in progress. I ask many questions, but most of them are not good questions. Some of these questions are questions that I ask myself, i.e. research topics. Others are questions that I ask others about the first kind of questions. Don't be afraid to ask your advisor stupid questions about the questions you ask yourself. Asking stupid questions---more precisely, questions that reveal one's own ignorance---with a straight face is a skill as well. However, stupid questions will save you a lot of time and perhaps even more grief and anguish.

**Kerem Cosar:** My graduate experience in Penn State developed in three stages. It started with learning. The quality of teaching was first-class. The intense learning in the first two years helps students to gain a good grasp of the building blocks, develop a set of useful skills and discover research interests. You also learn to appreciate good instruction. In retrospect, there is a fine balance to be kept at this stage. On the one hand, you want to learn about active research areas and figure out potentially interesting questions. On the other hand, the basics need to be solid. I think this balancing works well in our core and elective courses.

Next comes building your own research. The environment in the department was always very conducive for that. Workshops, reading groups, conferences hosted by the department keep the intensity high at all times. While the process develops differently for each person, I think that for me, interaction was important. There are plenty of chances for students to present their ideas and to get feedback from professors and peers. Meeting with seminar speakers is also a good opportunity to get some outside perspective. It also helps that all students are given a desk and personal office space. Our high quality computational infrastructure is another advantage. If you are doing applied research. I remember the long nights in the computer lab with plenty of fellow students around.

Finally, if you are going into it, there is the job market. It is the debut to the profession, and requires serious preparation. The support from the department was crucial at this stage. Our professors were willing to go through multiple rounds of mock interviews. Thanks to the administrative staff, the whole logistics works smoothly.

### What advice do you have for our current graduate students?

**Byung Soo Lee:** If I were to give advice, I would say study what interests you. By "interests", I do not mean a topic that seems cool and exciting---the latest fad in economics, if you will---but rather a topic about which you continue to ask yourself questions.

**Andrew Rice:** Communication is the key to success. Too many times I have seen people struggle with various research, teaching or class work issues without ever discussing these issues with peers and advisers. This seems especially prevalent when dealing with research. (cont'd)

## INTERVIEWS WITH MOST RECENT ALUMNI

### **What advice do you have for our current graduate students?**

(cont.) In my opinion, an adviser cannot help if they do not know what is going on. Spending a month trying to get a result before seeking the advice of more experienced faculty is most likely an inefficient use of time.

**Sarah Polborn:** Sometimes taking classes in other programs can be a valuable addition to the department's core and field courses. There are many opportunities available if you are willing to take some initiative. I really enjoyed the opportunity to audit classes and go to seminars at the geosciences department.

My advice to current graduate students is to make a careful and well informed decision when the time comes to choose an advisor and topic. This is an important decision that should not be rushed. Take the time to learn English well and get to know some of the local people. And finally, enjoy your time in the program.

**Sascha Claudius:** Obviously, you should feel very comfortable presenting and discussing your job market paper, your old papers, new projects and economics in general in an understandable and competent manner. On the other hand, research, teaching and private sector employers are looking for different things in a recruitment candidate which makes it necessary to approach different segments of the market in different ways.

From an employer's perspective, it is very important that someone really wants the job. Enthusiasm is very important. Naturally, an employer is looking for someone who will be a good colleague, i.e., someone you can learn from, someone who approaches your work in a similar way and someone you would like to have a coffee with and a pleasant conversation. My experience on the job market was that personal fit really matters. Recruiters know that they are going to spend a lot of time with you so they want to make sure that there are no unpleasant surprises ahead. Finally, even though this seems difficult for a job market candidate, I feel it is also important to check if potential employers are a good fit for you.

**Alexey Kushnir:** First, I believe it is important to decide what you want to do after the graduation as early as possible: doing research, teaching, or working in the industry. As well you should decide in what area of economics you are going to do research (if you choose doing research). Whatever your goal is (you decide) you

should consistently pursue it during the whole five years. State College is a small city where you can concentrate on your studies. So do it. Do work on Saturdays. Second, you will be pushed by professors before your qualifier exams. However, do not forget to push yourself as hard as the first year after you pass the qualifiers (and you will pass, do not worry about it). Believe me, five years is not a long period of time to finish your dissertation. Third, if you choose an academic career you should remember that pursuing a good research question is not enough. Do not forget about other parts of economics profession.

You should read economic papers (a lot), participate in conferences (go to as many as you can), ask questions (always), present your papers, make your Web site as soon as you have your first paper, and interact with Penn State and other professors. Such interaction may lead you to joint projects. Believe me, you will learn a lot.

### **What is your favorite memory as a graduate student in the department?**

**Kerem Cosar:** Looking back, I will remember these past six years very positively. Penn State is a great place to be a graduate student. Also, State College being a small town, strong bonding develops among graduate students. It is also a great place to be an international student. The community is very receptive and friendly. I wish much success to all the current and future graduate students.

**Andrew Rice:** During my first year in graduate school, our class had to take an Econometrics class that required a significant amount of programming. While it was painful at the time, I fondly remember spending hours into the night with my classmates trying to get various programs to run. In between the various outbursts at the computer screen many stories were shared with those that would become my best friends.

**Byung Soo Lee:** My favorite memory here at Penn State is that of surviving the job market together with my friends here. I would have been a lot worse without their support.

**Sascha Claudius:** My favorite memory as a graduate student in the department is clearly passing the comprehensive exams. That felt pretty good. Also, I really enjoyed getting to know a particular literature very well. This provided me with a good understanding of where to look for interesting research projects. Other than that, I really enjoyed our department picnics over at the Roberts' in the fall.

# FALL PICNIC 2009

## Scenes from the Economics Department Annual Fall Picnic



Our graduate students, fall 2009



## ALUMNI ON THE MOVE

### Michele Gambera (1998)

After 10 years at Morningstar and its Ibbotson subsidiary, I am now head of Quantitative Analysis with UBS Global Asset Management, still in Chicago. I work on integrating macroeconomic models in investment decisions. I plan to start joining the College of the Liberal Arts' initiative to involve alumni as mentors of current students and will keep everyone posted on how that goes.

### Sukkyun Chung (1998)

After more than 10 years working for the government of Korea in various capacities, I recently accepted a position as professor of Economics at the Hanyang University in Seoul. It was a difficult decision to leave my position as director general of the Government for so many years. But I am looking forward to returning to academic life.

### Daniel Donath (2003)

Last year, I rejoined Charles River Associates as a senior consultant in its Brussels practice after two years with the chief economist's team at the European Commission. I originally moved to CRA in 2004, and before that was a manager in Deloitte & Touche's economic consulting practice in Washington, DC. I will remain a member of the appellate committee for mergers and antitrust at the Czech Republic's Office for Protection of Competition.

### Tim Dunne (1987)

I am currently at the Federal Reserve Bank in Cleveland after many years in the Economics Department at Oklahoma University.

### David Macpherson (1987)

After 17 years at Florida State University, I moved to Trinity University last August to become the E.M. Stevens Professor of Economics. It has been an exciting change for me and my family. I am enjoying teaching classes of 22 and 8 students rather those composed of 500 students. My wife Karen and my youngest son Christopher, and I are enjoying exploring San Antonio and the surrounding Hill Country area. Andrew decided to stay in Florida, and he is finishing up his sophomore year in college. That gives us a good excuse to visit the excellent Florida beaches again.

### Svetlana Demidova (2006)

In 2008, my husband, Maxim Ivanov, and I moved to Canada and joined the Department of Economics at McMaster University. It was exciting to finally work together at the same Department - just like in the old days at Penn State, when we were graduate students. Our new colleagues at McMaster are very interesting and nice people. Also, after living for two years in hot Georgia, I really enjoy Canadian weather, which is similar to Russian one. Finally, Hamilton, ON, where McMaster University is located, is just a 6 hour drive from Penn State, which allows us to visit our friends there more often.



Now we can come to visit as a whole family including our daughter Daria, who was born on September 28, 2009. Hopefully, one day she will become a part of our great alma mater and share our unforgettable experience there!

### Boris Molls (2001)

In 2007, we moved from Munich to London where I accepted a job at Societe Generale CIB, one of the largest financial services groups in the euro-zone. At SocGen, I am working as a financial engineer / structurer of (exotic) interest rate, inflation and hybrid derivatives with an interest rate component. In essence, I'm "inventing" and pricing tailor-made derivatives, bonds/notes, structured deposits, swaps, etc. (From a financial engineering perspective a bond is just a swap, just a loan - not considering the credit component.) As one can imagine, the past couple of years have been quite "interesting", in particular for us as one of the biggest derivatives houses in the City and some believe the years ahead could be even more choppy. Let's see.

On the personal side, we had a second baby in October 2009. Her name is Lara. Maya is now 3 1/2 years old. We are living in South-West London close to Wimbledon and enjoying the wonderful English weather.

## ALUMNI NEWS AND UPDATES

### Alexander Tarasov (2009)

After graduating from Penn State, I moved to Germany and took the chair of International Economics at the Department of Economics in the University of Munich. The University of Munich is one of the leading universities in Germany. The environment at the chair is very nice and I really enjoy working here. I continue working in the area of theoretical and empirical trade. In particular, I have just started a project with my colleague on the impact of off-shoring on firm organization.

Munich is a lovely city, not far from the Alps. The life in Munich is calm and slow. And of course, Bavarian food is very delicious.

### Avantika Chowdhury (2008)

After graduating from Penn State in August 2008, I moved to the United Kingdom to work for OXERA, an economic consulting firm based in Oxford. It was quite a change for me after Penn State, both in terms of the location and my work. At OXERA, I work primarily on antitrust issues such as merger analysis and quantification in damages claims, which is quite different from my dissertation on social networks. The work is quite exciting and there are always new things to learn. After working mainly on mergers and damages so far, I am now thinking of doing some work related to state aid and price regulation. All in all, I am quite enjoying it.

Moving to Oxford was another change after five years in the U.S. Oxford is a very pretty town with a lot of history and character; and the scenic countryside around it. London is close by too and I often hop on a train to London on weekends. I am also taking this opportunity to travel around Europe. The pain of moving across continents is paying off, after all!!.

### Myeonghwan Cho (2008)

After graduating from Penn State in 2008, I joined Korea Institute of Public Finance (KIPF) as a research fellow. Here, I have continued my research focusing on the taxation and public finance. Since my fields of concentration in graduate school were microeconomics and game theory, the areas of taxation and public finance are relatively new to me. However, we all know that the 'new' contains something interesting. With the work experience at KIPF, I am able to extend my research projects to the policy-oriented topics in addition to my interests in strategic behaviors and social networks.

On the personal front, I married Sun Young Lee in 2009. In fact, we met at Penn State as economic students and have

a lot of memories there. We spent a lot of time in 405 Kern, the 3<sup>rd</sup> floor of Pattee library, and MacKinnon's Café. I feel so lucky at Penn State: I got a Ph.D. degree as I planned, I met my wife even though I was not a T.A. for her classes.

I am now happy and content with my work and family life. Because Penn State made it possible for me to enjoy these things, I cannot forget the life at Penn State. Of course, I also miss the friends and faculty at Penn State. Through this newsletter, I would like to express my thanks to them for their kindness and help. If you visit Korea, please feel free to contact me ([chomhmh@gmail.com](mailto:chomhmh@gmail.com)).

### Hae Won Byun (2008)

I have missed two consecutive Econ picnics and the delicious dumplings, and that makes it almost two years since I left Penn State.

After coming back to Seoul, I have been working at KIRI (Korea Insurance Research Institute), which is a non-profit research institute conducting comprehensive research on finance as well as on insurance. My main work here is related to insurance distribution channels. Also, I recently started working on a project on elderly household portfolio choice. In addition to this work, I am teaching an undergraduate Industrial Organization course at Yonsei University as an adjunct lecturer.

### Alejandro Riano (2009)

After graduating from Penn State last summer I moved to Nottingham in the UK to start a two-year postdoctoral fellowship at the Leverhulme Centre for Globalisation and Economic Policy (GEP for short). My experience so far has been amazing. I have been able to devote 100 percent of my time to research, submitting the papers from my dissertation to journals, presenting in several conferences and starting new projects jointly with colleagues at Nottingham and other research institutions in Europe. Nottingham has a very strong international trade group, and GEP organizes a great number of conferences and activities that attract great scholars from around the world, including Pol Antras, Jim Rauch, and my own advisor, Jim Tybout.

Nottingham, apart from being the celebrated home of Robin Hood, boasts the honor of having the oldest pub in the world, so I have not been lacking in extra-curricular opportunities. Being in the middle of England also has many advantages, like being a short train ride away from places like Oxford and London. It has been fun to explore the city with my wife, Eugenia, whom I married in December.

## ALUMNI NEWS AND UPDATES

### Saptarshi Ghosh (2008)

After obtaining an MA in Economics from Penn State, I am pursuing a doctoral program at the University of Birmingham in England. I am currently working on voting games where agents with career concerns vote in a committee. Birmingham is the second largest city in the United Kingdom after London, and hence is very different from State College. The campus is located in Edgbaston, which is the prettiest part of the city. I immensely enjoyed my state in State College just as I am enjoying my time in Birmingham.

### Luis Martins (2005)

For those of you who didn't know yet, I recently got married Ana in November 2007. She works for an insurance company so (I guess) I have all risks fully covered! We have a nine-month-old baby, a girl named Maria Leonor. She is tall and skinny, she loves soup, and for me and Ana, she is the best we could ever imagine (at least, until we have another one!). By now, I believe I know more about changing diapers than of economics – especially after the crisis. In terms of academics, I am still a faculty member of ISCTE, a business school located at Lisbon. Hopefully, I will get tenure this year. I finally got published a revised version of the main chapter of my dissertation. This joint work with Herman Bierens is forthcoming at *Econometric Theory*. You can always find me at <http://iscte.pt/~lfsm>. Wish you all the best.

### David Mills (2001)

I have been at the Federal Reserve Board in Washington DC since 2002 and was promoted to the chief of the Payment System Studies section in November 2008.

My research continues to take a monetary theory and mechanism design approach to various aspects of payment and securities settlement systems. Recent publications include a *Journal of Monetary Economics* article on the strategic interaction of banks in large value payment and securities settlement systems, and an *International Economic Review* article on regulation of inside or private money.

I have a number of current works in progress. Rob Reed (another Department alumnus) and I have been working on a paper that looks at the various roles of collateral in financial markets, particularly in repurchase agreements. I have a working paper on the connectedness of payment and securities settlement systems under various institutional setups and how those setups differ in mitigating the impact of operational outages. I am also in the early stages of developing a model of the economic benefits of central counterparties for derivatives market clearing, and a monetary theory approach to payment card networks.

I am organizing an academic-style workshop on the economics of payments to be hosted at the Federal Reserve Board in April 2011.

My wife Katherine and I continue to live in Virginia and are expecting our fifth child in June. Our four boys, Nicholas (age 10), Zachary (8), Timothy (6) and Christopher (3) continue to keep us busy.

### Elif Incekara (2007) and Isa Hafalir (2007)

We have been at Carnegie Mellon University in Pittsburgh for almost three years now. Our biggest change in our lives happened on July 20th, 2009 when our daughter, Dila Meryem, joined our family. She is nine months old now, crawling, waking us up a couple of times every night, but more importantly making us the happiest people on earth.



### Daniel Xu (2007)

On Nov 20, 2009, my wife, Weiwei and I welcomed the arrival of our son, Weihang. His name means "sailing a broad river with small boat." He is now six months old and doing very well.



## ALUMNI NEWS AND UPDATES

### M. Florencia Gabrielli (2009)

After graduating from Penn State in 2009 I came back to Mendoza, Argentina, my home town. In Mendoza, I joined the Economic Department of Universidad Nacional de Cuyo, the place where I started studying economics, so it was very nice to see professors again and people that are still there since I was an undergrad student. I teach Advanced Macroeconomics for undergrads there. I also teach undergrad Econometrics in another small School in Mendoza, Universidad de Congreso. For the research part, I continue working with the line of research of my dissertation at Penn State while I wait for a research position in the best Research Institute of the country; I hope to hear from them soon. On a more personal note, with my husband Carlos, who many of you got to know while we were in State College, we are waiting for our first baby in October so we are very happy. We both still remember the good years at Penn State and all the good friends we have now all over the globe and there. It is always in our plans to come back for a visit soon.

### Manaswini Bhalla (2008)

After graduating from Penn State in 2009, I joined Indian Institute of Management, Bangalore (IIM-B). Teaching at a business school has been a great learning experience.

Besides working on applied microeconomics and industrial organization I have found interest in understanding entrepreneurship in India. A few of us at IIM-B are working to conduct a nationwide longitudinal survey of micro, small and medium size firms across India. After teaching two courses to the Ph.D. students I am looking forward to teach the MBAs.

If you are in India anytime and would like to visit the picturesque campus at the heart of Bangalore, do let me know.

### Rick Horan (1995)

I was promoted this past year as professor of environmental and resource economics in the Department of Agricultural, Food, and Resource Economics at Michigan State University.

### Larry Santucci (2003)

I am currently the senior global decision science manager at Dollar Financial Group, an international finance company serving the underbanked population. My wife and I own a home in Bensalem, PA.

### Andrei Karavaev (2008)

After graduating from Penn State in 2008, I moved to Greater DC area and joined the consulting company Bates White. Although I was holding my breath to get started, I was also worried about transition from academia to business. However, the skills and knowledge that I acquired at Penn State are very much appreciated here. The team atmosphere, friendly work environment, and several comprehensive “tricks of the trade” courses made the transition very smooth. During the last two years, I have participated in multiple compelling cases in different areas. It gives me great satisfaction to see how economics that we had studied is applied to the real world.

I live in Ballston, a neighborhood in Arlington, VA, with plenty of elegant restaurants, vibrant night scene, and abundant choice of recreational activities. In my spare time, I enjoy hiking scenic Shenandoah National Park, visiting museums at the National Mall, driving to nearby historic places, or just taking leisurely walks around DC. When work allows, I like to travel to different corners of our planet.

I try to visit Happy Valley several times a year, and every time I realize how much I miss it. But truth to be told, it is not really the place that I miss, but all the great people that I had met there.

## ***ECONOMICS ALUMNI NEWSLETTER***

Economics Alumni Newsletter  
Department of Economics  
303 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: **Ed Green, Jonathan Eaton and Steven Yeaple; Alexey, Andrew,  
Byung Soo, Kerem, Sarah and Sascha; and numerous Economics  
alumni and current faculty.**  
Design and Production: **Lynn Sebulsky and Michele Moslak**  
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, gender identity 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 11-1