



College of Letters & Science

UNIVERSITY OF WISCONSIN-MADISON

Economics



News for Alumni and Friends of the Department of Economics

Fall 2013

“The networking events, the fantastic economics professors, and my fellow economics students, — none of these experiences would have been possible for me if the alumni who came before had not decided to reinvest in their education, as well as mine.”

— Kaitlyn Connell (BA’14)



SARAH MORTON, COLLEGE OF LETTERS & SCIENCE

ECONOMICS DEPARTMENT



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Notes from the Chair

I am honored to take over as chair of the Department of Economics from my friend and colleague, John Karl Scholz, who started his new role as dean of the College of Letters & Science in July. While we will miss Karl in the department, we look forward to the energy, ideas, and leadership that he will bring to his new role. Under Karl's leadership, the department saw tremendous growth in undergraduate enrollment, the development of the new master's program, and the hiring of a star econometrician, Joachim Freyberger.

The demand for economics endures. We have more than 1,000 undergraduate students in the department. We also welcomed 60 students this fall to the new master's program in economics. We added four new positions to meet the needs of our growing student and alumni populations: David Hansen, lecturer; Torine Pasek, development director; Colin Rohm, academic advisor; and Stacey Waite, master's program advisor. You can read more about our newest additions on page 5.

Our undergraduate and graduate students are continuously taking on new challenges. Last spring a team of undergraduates published the third volume of *Equilibrium*, an undergraduate economics journal that features student research, alumni profiles, faculty research, and interviews with talented students. One of our graduate students was presented with the campus-wide Early Excellence in Teaching Award, and another graduate student was selected as a College of Letters & Science Teaching Fellow.



We are proud of the accomplishments of our students.

This year, the number of contributions to our annual fund tripled. With the help of these generous gifts, we financed the printing of *Equilibrium*, funded student-organization networking trips, provided scholarships to commendable undergraduates, increased services in the undergraduate office, supported faculty recruitment and retention, and continued alumni networking and outreach.

Thank you for your support, which helps the department continue to thrive and provide excellent opportunities for our students, faculty, and staff.

On, Wisconsin!

Ananth Seshadri

Economics Matters
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Sarah Morton, College of Letters & Science

Want to contribute to the *Economics Matters* newsletter?

Contact Jennifer Buelow at jabelow@wisc.edu with news, articles, or ideas.



From the Dean's Desk

It feels strange to write to you from a new office, in a new building, with a new title after two wonderful years as chair of the Department of Economics.

However, as the new dean of UW-Madison's College of Letters & Science, I am delighted to share with you some of the many reasons I am honored and excited to serve the college.

As an economist, I have devoted my scholarly career to studying the ways in which human beings respond to the world's complexity. We are increasingly interconnected through technology and economic growth. I believe our students must graduate as engaged global citizens in order to successfully navigate through work and life.

The Department of Economics, my home since I joined the UW-Madison faculty in 1988, is critical in this effort. The department continues to grow, with more than 1,000 undergraduate students choosing to major in economics, more than 60 graduate students arriving on campus this fall as the first

class in the department's new master's program, and another outstanding group of entering PhD students.

As alumni, you have many reasons to be proud and to continue your support of the department. Perhaps the most valuable skill that a liberal arts graduate can bring to our knowledge-based economy is the passion to keep learning. The Department of Economics fosters curiosity and creativity in unique and innovative ways, strengthening campus and the community at large, and preparing students to become active and involved members of society.

Please stay in touch with your alma mater. I welcome your feedback and appreciate all that you do for the university.

Thank you and On, Wisconsin!

John Karl Scholz, Dean
College of Letters & Science

Introducing Chancellor Rebecca Blank

I first met Rebecca Blank, the University of Wisconsin-Madison's new chancellor, in 1995. I was a graduate student trying to find a



job as an assistant professor and had a day-long interview with the economics department at Northwestern University. Becky was my host for the visit. While I was very nervous, she made me feel comfortable immediately.

My visit was successful, and I started my academic career as an assistant professor at Northwestern in the fall of 1995, with Becky as my official mentor. We met often to discuss my career and the economics profession more generally. Unfortunately, our overlap was

Continued on page 5

Your gift to the Share the Wonderful Annual Campaign helps ensure that we continue to provide a top liberal arts education through the kinds of life-changing experiences that foster creativity, excellence and leadership.



Give today at
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Your gift, big or small,
makes all the difference.

For more information,
contact Torine Pasek
at the UW Foundation
(608-265-5913 or
torine.pasek@supportuw.org).

SHARE THE WONDERFUL
UNIVERSITY OF WISCONSIN ANNUAL CAMPAIGN

Students and Recent Alumni Give Back

Students are the lifeblood of UW-Madison. As we continue to enhance the student experience in the Department of Economics, our students and recent alumni took notice. Several current students and recent alumni graciously donated to the department to ensure that future students have the same great experience and opportunities. Gifts of all sizes help the department to continue to provide an excellent education and increase opportunities for student scholarships, career networking trips, publication of student journals, and more. We thank our students and recent alumni for their generosity and support of the department. Meet some of the gracious students and recent alumni who donated this year:



Emily Armato (BA'14)

Majors: Economics with Math Emphasis, French

Hometown: Baileys Harbor, Wisconsin

Internship: Private Wealth Management at Cedar Street Advisors

Campus Involvement: ESA President

"Throughout these past three years, so many of my professors and the economics department staff have opened my eyes to the encompassing beauty of economics, and they have driven me to love the subject more with each passing year."



Kaitlyn Connell (BA'14)

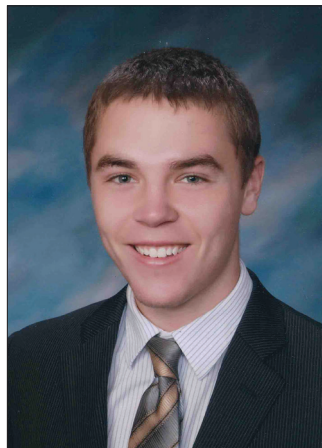
Majors: Economics, Political Science

Hometown: Madison, Wisconsin

Internship: Advice and Wealth Management Lead Finance Office at Ameriprise Financial

Campus Involvement: ESA Vice President, Sports Business Club

"By giving to the economics department I was able to continue the legacy by reinvesting in my education. Through the economics department, I gained invaluable experience that shaped me into the person I am today."



Chandler Davis (BS'16)

Majors: Economics, Chinese

Certificate: Mathematics

Hometown: Los Angeles, California

Internship: Connor Sourcing in Shanghai, China

Campus Involvement: Economics Student Association (ESA) Board Member, Boxing Club, and the Madison Fund

"I am impressed with the quality of the teaching and how available and helpful the teachers are. By donating, I hope that the next graduating class can have a similar experience."



AJ Storrs (BA'09)

Major: Economics

Hometown: West Bend, Wisconsin

Current Position: Manager, Regional Client Group Pricing, American Express

Campus Involvement: Future Business Leaders of America-Phi Beta Lambda, ESA

"The economics department gave me much more than a set of useful skills that I've applied in my career; I was taught how to think critically, to be inquisitive, and to always look for creative solutions. This method of thinking, more than anything else, has been my greatest asset since I graduated from UW-Madison."

Durlauf Weighs the Causes of Inequality

As he held his newborn son, Steven Durlauf couldn't escape an unpleasant thought that troubled him at his core.



He knew the sort of life he wanted to provide for his child. But he was also fully aware that there were millions of other parents in the world harboring similar aspirations but lacking the means with which to realize them.

"It wasn't that I was oblivious to that world, but there was an emotional salience that emerged," recalls Durlauf, the Vilas Research Professor and Kenneth J. Arrow Professor of Economics at UW-Madison.

That moving moment came in 1990, three years before Durlauf joined the UW-Madison faculty. And, as he tells it, it played a "transformative" role in altering his research agenda.

After years of examining macroeconomic questions, he turned his focus to the microeconomics of inequality and disadvantage. Of course, that's an impossibly broad subject for one economist to conquer. Durlauf has concentrated his work on understanding the effects of social factors —

the makeup of a child's class in school or the income level of a community, for example — on inequality.

While Durlauf continues to study the social determinants of inequality, he's also interested in parsing out, from a statistical perspective, the roles of the many factors that determine inequality.

"I hope this network, in the end, will produce a transdisciplinary understanding of the many explanations and factors that go into explaining inequality between people and across generations."

"I could give you a very long list of explanations for inequality or explanations for persistence of socioeconomic strata across generations," he says. "But the question on which I and others are focusing is, given this embarrassment of riches, how do you disentangle them?"

Durlauf tackles that question as part of the Human Capital and Economic Opportunity Global Working Group (HCEO), an interdisciplinary research group based at the University of Chicago's Becker Friedman Institute for Research in Economics. When the HCEO landed a multi-

year grant from the Institute for New Economic Thinking (INET) in 2012, HCEO director James Heckman, a Nobel Prize-winning economist, asked Durlauf to serve as one of the group's co-directors.

The HCEO uses its collection of scholars from a wide range of disciplines — including economics, psychology, health, genetics and philosophy — across six research networks to understand the determinants of inequality and the policies that would be most effective in combating socioeconomic disadvantage.

Durlauf directs one of those research networks, called Inequality: Measurement, Interpretation, and Policy, which investigates social determinants of inequality and the structure of markets as they relate to inequality. It's still early in the process to tout concrete conclusions, but Durlauf is hopeful the HCEO will shed new light on the problem that began to gnaw at him 23 years ago.

"I hope this network, in the end, will produce a transdisciplinary understanding of the many explanations and factors that go into explaining inequality between people and across generations," he says. "That will take years, just to synthesize all of the ideas."

Chancellor, continued from page 3

short, because she went to Washington as a member of the Council of Economic Advisors in October 1997.

As a scholar, Becky is one of the world's leading experts on poverty and the labor market for low-income workers. I think Becky's most impressive academic attribute is her ability to link the abstract economic models that we economists develop to the "real world." She has done this both in her research that analyzes the effects of

government programs on low-income workers and in Washington, where she recently stepped down as the acting secretary of commerce, in the formation of policy. Scholars like Becky who connect research to real-world problems are a major reason that economics has a large impact in Washington.

As an administrator, Becky is brilliant, thoughtful, and creative. She will be both open minded in considering different options that are best for the

university and forceful in advocating the policies that work best. I cannot think of any other person I would rather have as the voice of UW-Madison to the rest of the world. We are also thrilled that she will have a tenure home in the Department of Economics (along with the La Follete School of Public Affairs). I am very excited about the future of our institution.

— Professor Chris Taber,
Morgridge Chair in Economics

We are Growing

The Department of Economics continues to see tremendous growth in undergraduate student enrollment. In addition, the department launched a new master's program this semester (see page 8 for details). To best accommodate the growth and changes, we welcomed five new staff members to brand-new positions in the department. Meet the newest members of our team:



Joachim Freyberger,
Assistant
Professor

Joachim completed his bachelor's and master's degree at Maastricht University and his PhD at Northwestern University. He is an econometrician who studies econometric theory and applied econometrics. Joachim was selected as one of seven of the most promising graduating doctoral students in economics and finance in the world by the Review of Economic Studies (REStud) and presented his research to audiences in Europe as part of the REStud Tour Conference. Throughout the academic year, Joachim will teach Econometrics II, Econometric Methods, and other advanced econometrics courses.

David Hansen,



**Master's Program
Lecturer**

David earned his bachelor's degree at Brigham Young University and his PhD at Stanford University. His current research focuses on the economics of education and the economics of crime, especially as they apply to developing countries. This year, David will teach classes in game

theory and mathematical economics. David also looks forward to attending seminars and working with top economists and graduate students at a premier department.



Torine Pasek,
Director of
Development

Torine earned a bachelor's in history and French from Moravian

College in Pennsylvania and a master's in medieval/early modern history at Loyola University Chicago. For the last five years, Torine worked in the Office of Alumni Relations and Development at Northwestern University, where she worked closely with alumni on annual-fund campaigns, wrote proposals, secured major gift grants, and managed three class reunions. Torine is excited to apply her experience and knowledge to further the mission of the Department of Economics.



Stacey Sykes,
Master's Program
Advisor

After graduating from UW-Madison, Stacey (BA'09, psychology)

completed a master of science in counselor education with an emphasis

in higher education at UW-Whitewater. Prior to her new role, Stacey interned in the Exploration Center in the Cross College Advising Service (CCAS) at UW-Madison, where she assisted undergraduate students with major and career exploration. As the master's program advisor, she works with graduate students in the master's program on academic and career advising, oversees program and admissions coordination, and plans marketing and recruitment strategies.



Colin Rohm,
Academic Advisor

Colin (BS'13, economics, history, mathematics) worked for University Housing in multiple roles relating to the academic experiences of first- and second-year students. He also worked as a peer advisor for both the Cross College Advising Service and history department prior to starting his role in the economics department. Colin is passionate about the importance of a liberal arts education and intends to spread that passion to as many students as possible. Whether it comes in the form of a double major, internship, or that one perfect class, he wants to make sure every student has the best experience possible.

New Course Explores Economics' Irrational Side

Irrationality made sense to Tommy Zionkowski. Having worked part-time at an electronics store while studying economics at UW-Madison, he was well aware that consumer decision making didn't always follow the perfectly rational models he had learned about in class.

“For the first time in an economics course you can ask, ‘Well, how would I make that decision?’ versus ‘How should I make that decision?’”

So after being captivated by the Department of Economics' new behavioral economics course during the spring 2013 semester, Zionkowski had an idea for putting his education into action. What if he applied some of the concepts from the course to his job? He ran it past Ricardo Serrano-Padial, one of the course's two instructors, after class one day.

Both Serrano-Padial and fellow assistant professor Amit Gandhi, his co-instructor, viewed the idea as a perfect chance to put theories from the lab to the test in a real-life situation: selling insurance for electronic products at a major retailer. Now, Zionkowski, Serrano-Padial, Gandhi and assistant professor of consumer science Anya Samak are awaiting approval from the company to launch a joint research project.

“If we can get the study going, it's going to be extremely new and novel, and possibly something that could be really exciting for the economic field,” says Zionkowski, who was slated to finish up his remaining credits for graduation over the summer while also working in Samak's experimental economics lab in the



School of Human Ecology.

Part of the reason Gandhi and Serrano-Padial created the course — technically listed as a topics course, Econ 390, under the heading of Contemporary Economics Issues — was because they believed the ideas of behavioral economics might connect with students' real-world experiences.

Behavioral economics considers the effects of irrational decisions by consumers, something to which we're all prone. By doing so, though, the discipline rejects one of the core tenets of economics: perfect rationality. Gandhi says the field has made headway toward building psychologically realistic theories of decision making and incorporating them into the broader world of economics over the past 25 years or so. The field has gained special prominence in recent years in the wake of the global financial crisis as the media have attempted to explain the failings of various markets.

“It's not a bread-and-butter

mainstream field in most economics departments” he says, “but it has increasingly become a bread-and-butter mainstream topic in the world of popular press and the media.”

Gandhi says the course, which will be offered both semesters this academic year, fills a curricular need as a high-level elective that emphasizes ideas over pure mathematics.

“For the first time in an economics course you can ask, ‘Well, how *would* I make that decision?’ versus ‘How *should* I make that decision?’” he says. “I think it's a testament to our department that they're willing to have a diversity of approaches to the discipline within the same roof. Because it's all after the same fundamental issues: How do markets work? How do people behave?”

That sort of dialogue connected with students like Zionkowski. “I would never be doing what I'm doing right now if I hadn't taken that class,” he says.

Economics

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Our New Master's Program

OVERVIEW:

The master's program provides students with excellent training in economics, analytical thinking, and statistical analysis that equips them to compete for scarce spots in competitive PhD programs around the world, as well as to develop in-demand, marketable skills.

▶ **60** students this fall

▶ **10** countries represented:

Bangladesh
Brazil
China
India
Japan
Republic of Korea
Taiwan
Thailand
Turkey
United States

▶ Students completed bachelor's degrees from **48** different universities worldwide

▶ **CURRICULUM: 30** credits

Focus on **ECONOMETRICS**

- ▶ 1 foundational mathematics/statistics course for economics
- ▶ 2 courses in microeconomic theory
- ▶ 1 course in macroeconomics
- ▶ 3 courses in econometrics (2 for econometric theory, 1 in applied econometrics)