



A message from the head

Dear Alumni from the Department of Economics

You may recall Forrest Gump's quip that "life is like a box of chocolates. You never know what you're gonna get." It would be hard to describe what flavor the last 12 months have dealt us, but bitter chocolate would be one element. I also know, though, that inside that chocolate there would be a sweet filling, the satisfaction of successfully navigating the challenges life threw at us; a promise of good things to come; a mix of good news among the adversities.

In our department, we do have a healthy measure of good news to share. First, though the pandemic has touched some of our families, we have all made it through relatively unscathed. Second, though our instructional, research, and academic community lives have not been the same with most people working from home, we have managed to continue performing our mission. Students made progress towards their degrees, faculty and doctoral students continued producing impactful research, and



George Deltas

our staff managed to keep the wheels turning as smoothly as possible. Third, the experience of the last year has taught us lessons of how to work in ways that we had not previously considered and how to do so effectively. These lessons will be carried forward and improve our effectiveness for years to come.

We have welcomed a new colleague, Shihan Xie, who has joined us as an assistant professor after completing her doctorate at the University of California, San Diego. We have also bid farewell to our long-time colleague and friend, Hadi Esfahani, who will continue to be engaged with our department following his retirement this fall.

The installation of the Federal Research Data Center



(FRDC) in David Kinley Hall is being completed, and the center will be open for research this summer. The FRDC allows our faculty, doctoral students, and other members of the campus community, with the appropriate Census safeguards, to access administrative micro data collected by a variety of federal agencies. Economic research that "moves the needle" on matters that impact society increasingly relies on such detailed data. We expect that the FRDC will greatly increase the department's contribution to economic knowledge and help attract high-caliber faculty and doctoral students to Illinois.

Another celebratory event is that this year marked the department's 125th anniversary. Due to the pandemic, a celebration this year was not at all possible. However, we have started the planning fully expecting to hold one next year...stay tuned for details.

Finally, Marty Perry, who has helped transform our department as head and director of the MSPE program, will now focus all of his time on the latter role.

In addition, we are pleased to welcome Hyun Hong to our leadership team as associate head.

I hope that the year ahead is less challenging but equally as exciting as the one that has just passed.

With best regards,
George

Undergraduate Program Update

Our undergraduate program has made some exciting changes in the past few years. We are now home to three undergraduate programs: the BA in economics, the BS in econometrics and quantitative economics (or EQE), and the BS in computer science + economics. The latter two majors are designated STEM programs. The addition of these majors expands opportunities for all econ students to explore the discipline—from labor and health economics to predictive analytics and applied machine learning, all students in our department can access all of the course offerings across all three majors.

In addition, we now offer an economics minor with three tracks: macro, micro, and econometrics. With these additions, the size of the department has

expanded to include approximately 1,000 undergrad majors and over 150 minors.

Econ@Illinois is a busy, vibrant community within David Kinley Hall. Our students are engaged in many ways, including tutoring in our Econ Tutoring Center; studying abroad through one of our three specially developed programs in Vienna, Paris, or Pavia (Italy); being an Econ Ambassador or joining our many student organizations.

We hope to see you during a future campus visit!

Jamie Thomas-Ward (LAS '99)
Associate Director of Undergraduate Studies

MSPE Program Update

The Master of Science: Policy Economics (MSPE) Program has continued to provide a unique educational opportunity for many international students. We have over 1,700 alumni from over 100 countries, many in Asia and Latin America. Since 2017, the MSPE Program has been designated as a STEM program. With the STEM designation, international students can request three years of Optional Practical Training (OPT) to obtain work experience in the United States.

Since 2012, we have received over 400 applications each year, and entering classes of 60-90 students. In 2019, the number of applications increased dramatically to approximately 520. In 2020, the number of applications increased again to approximately 630 and 105 students planned to start the program. Because of COVID-19, only half of those students started in the fall of 2020 with all of the courses taught online and most of the others have deferred their start to the fall of 2021. For 2021, we already have over 500 applications and plan

on having another 60-70 students start in the fall. Thus, we could have a large group of students this fall when we return to in-person courses.

Nearly all of the faculty are involved in teaching MSPE courses. With the new faculty, we have been able to offer several two-course fields more frequently. In addition, we now have a two-course field in advanced econometrics with an existing course in time series econometrics for macroeconomic and financial applications and a new course in applied econometrics for microeconomics applications. We are steadily moving the MSPE curriculum to include more econometric and quantitative tools for policy applications. These tools will prepare the students for more challenging policy positions or PhD programs.

Marty Perry
Director of MSPE Program

PhD Program Update

We started the year with an incoming class of twelve students selected from a pool of almost 400 applicants. As usual, we ended up with a very diverse class: four students are from South Korea, three from the U.S., two from Brazil, and one each from China, the Ukraine, and Italy. In addition, four students from the PhD track of our MSPE program joined the second year of the PhD program.

Unfortunately, because of COVID-19 restrictions we were not able to have our usual visiting day in the spring, the team-building experience at Allerton Park in the summer, and the traditional party at Marty Perry's house to welcome the new PhD students. Hopefully we can make up for this in August.

Sebastian Laumer received a dissertation completion fellowship from the Graduate College. He is only the second student from our program to receive this prestigious campus-wide award. We are also very proud of the recipients of the Werner Baer fellowship from

the Lemann institute. These fellowships go to both incoming students and to students in the dissertation stage. Vinicios Sant Anna was this year's recipient for the dissertation award.

We are especially excited that Carol Banks received the LAS staff award for her work with our PhD students. All of you, who have interacted with Carol over the years, know that she is truly deserving of this recognition.

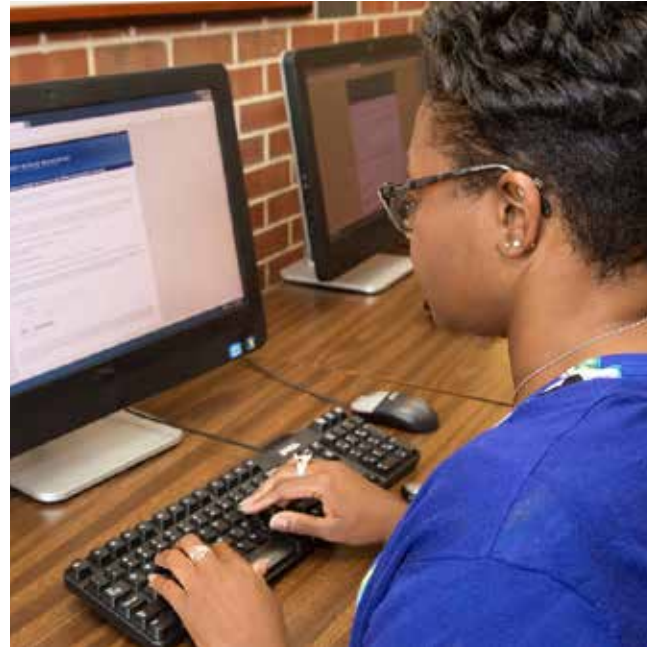
Stefen Krasa
Director of PhD Program



Doctoral Student Placements for 2020 & 2021 Grads

PhD students from the Department of Economics received placements from the following organizations/institutions:

- Amazon
- America Institute for Research
- Centre College
- Federal Reserve Bank of Richmond
- Hunan University
- IESEG School of Management, Paris
- Korea Capital Markets Institute
- Korean Institute of Public Finance
- Ludwig Maximilian University, Munich
- Mathematica
- Nanjing Audit University, China
- St. Bonaventure University
- Tianjin University, China
- Uber
- Upjohn Institute
- University de los Andes, Columbia
- University of EAFIT, Columbia
- University of North Carolina – Greensboro
- University of Toronto
- University of Wisconsin
- Wells Fargo



PhD Spotlight Sebastian Laumer



The interaction between fiscal and monetary policy is an important research topic in macroeconomics, especially since the Great Recession. In **Sebastian Laumer's** current work, jointly with Collin Philipps, he studies the relationship between the government spending multiplier and monetary policy. Economic theory suggests that the government spending multiplier is larger when monetary policy is accommodative. However, theory estimates multipliers while keeping the central bank's responsiveness towards inflation constant after an increase in government spending. They find instead that the government spending multiplier does not depend on monetary policy. This is because the central bank's responsiveness itself changes quickly after a government spending intervention.

Sebastian and Collin show that regardless of the initial central bank's responsiveness towards inflation, the central bank reacts aggressively towards inflation within a few quarters after the increase in government spending. This rapid change of monetary policy leaves the multiplier almost completely unaffected by the initial monetary policy regime.

Sebastian Laumer is currently in his sixth year of the PhD program. His research focuses on fiscal policy, Bayesian and time series econometrics, monetary economics, and big data. The goal of his dissertation is to provide new insights about the effects of government spending on the economy. During his time at UIUC, he served as the head teaching assistant for principles of macroeconomics and intermediate macroeconomics. Finally, for the 2020-2021 academic year, Laumer received a Dissertation Completion Fellowship from the Graduate College.

PhD Spotlight

Evangelos Constantinou



Evangelos (Vangelis) Constantinou is originally from Cyprus. He completed his undergraduate and master's studies in the United Kingdom, before arriving at Illinois to pursue his doctorate degree in Economics. Vangelis works in the fields of political economy and industrial organization.

In recent U.S. elections, political advertising and voting mobilization or suppression strategies have taken center stage. As part of his political economy research agenda, Vangelis examines how candidates target political advertising and messaging to energize and depress specific political bases to maximize their electoral prospects. In a separate work with Professor George Deltas, he looks at the U.S. presidential primary system in which states vote sequentially. His work sheds light on what states would prefer to vote early and help winnow the field and what states would prefer to weigh in late when the set of candidates has reduced to the two finalists.

Vangelis' joint work with Professor Dan Bernhardt has been published in leading journals in industrial organization. In one paper, he shows why competing stores offer price-matching guarantees even if it hurts them both. In a second paper, he shows how co-location benefits stores, despite increasing competition between them, because it also acts as commitment to low prices which increases the consumer base. Vangelis has received the Dissertation Completion Fellowship from the Graduate College for the 2021-2022 Academic Year.

In 2018, Vangelis married Zoë Foote and they welcomed their son Dinos in July 2020.

Is there an economics alum that you think is deserving of one of our Alumni Awards?

If so, please nominate them by visiting go.illinois.edu/EconAlumniAwardsNom. Nominations are due by January 1 of each year.

Read about our current award recipients on the following pages.



Looking for ways to get involved in Econ?

We are always looking for alumni volunteers to share their time and experiences with our students. If you are interested in volunteering please visit:

go.economics.illinois.edu/alumnivolunteer

We look forward to hearing from you!

Economics Career Achievement Award



Dr. Philip Swan earned his AB in mathematics and economics from Bowdoin College in 1964 and his PhD in economics

from the University of Illinois Urbana-Champaign in 1967. Dr. Swan then went on to become an assistant professor of economics at Boston University from 1968-1974. After spending six years in academia, Dr. Swan joined the IBM Corporation

and in 1993 was named as their Chief Economist. A position he held until his retirement in 2011.

During this time, Dr. Swan served as a member of the U.S. Census Economics Advisors Committee from 1997-2003. From 1999-2000 he was the chair of the Business Economists' Advisory Group to the Organisation for Economic Co-operation and Development (OECD), Paris. Dr. Swan also served as a member for the Industry Advisor Group, Council of Economic Advisors from 2002-2011.

In addition to Dr. Swan's many career attributes, he has also been very involved in his community. He has served as a driver safety instructor, the chair of the Endowment Funds Advisor Committee for the First Presbyterian Church, Stamford, a volunteer on the Stamford Hospital Surgical Unit, and a tax preparation aid for the AARP Program.

We are pleased to announce that Dr. Swan is the recipient of the 2021 Economics Career Achievement Award.

Economics Outstanding Young Alumni Award

Peter P. Tomczak is a partner at Baker McKenzie in Chicago. He serves as the chair of Baker McKenzie's North America Litigation and Government Enforcement Practice Group. Mr. Tomczak also serves on the North America Pricing Committee, and oversees the practice group's development and review of non-hourly fee-based arrangements, or AFAs. In addition, he serves as a member of the global steering committees of the firm's Dispute Resolution Practice and its Industrials, Manufacturing and Transportation (IMT) industry group. Mr. Tomczak has conducted internal investigations and represented multinationals and executives in sensitive matters in the United States and more than 25 foreign countries. He regularly counsels clients and their boards of directors on issues of corporate compliance and corporate governance, particularly with respect to anticorruption matters and evolving ESG issues. Mr. Tomczak also focuses his practice on litigating complex business disputes, primarily those involving disputes among corporate stakeholders and fiduciary wrongdoing. Mr. Tomczak regularly publishes and presents on anticorruption, compliance, and corporate governance issues. Among others, he is the co-author (with Robert W. Tarun) of "The Foreign Corrupt Practices Act Handbook (5th ed., ABA Book Publishing 2018)."

Mr. Tomczak also served as co-vice chair of Task Force of the ABA Section of Business Law Corporate Governance Committee on Delineation of Governance Roles and Responsibilities, which published its Report, 65 Bus. Law. 107 (2009). Mr. Tomczak has been named to NACD Directorship100: Governance Professionals and Institutions (2018-2020), identifying the most influential people in the boardroom community. He received his juris doctorate degree, Magna Cum Laude, Order of the Coif from the University of Michigan Law School, and was awarded the Daniel H. Grady Prize for graduating first in his law school class. Mr. Tomczak received his bachelor of science in economics, with highest honors, from the University of Illinois at Urbana-Champaign in 1999 and was named to the Bronze Tablet, which is the University's highest honor for graduating students.

We are pleased to announce that Peter is the 2021 recipient of the Economics Outstanding Young Alumni Award.



Peter P. Tomczak

Economics Alumni Social Impact Award



Karen P. Layng (BA, '84, economics) is the president and founder of M.A.I.T. Co., a national strategic consulting and legal firm and is a licensed AAA arbitrator on the construction mega case, commercial, and joint venture and M&A panels, and serves on the AAA board of directors and the AAA-ICDR foundation

Karen P. Layng

board. M.A.I.T. Co. consults on best practices in enterprise risk management and conducts ethical leadership and legal compliance reviews, develops corporate ethics programs, and trains boards and senior executives on ethical leadership cultures. She is also an adjunct professor at Northwestern University in its Engineering M.S. program where she teaches courses in ethics, alternative dispute resolution, and due diligence. Before forming M.A.I.T. Co., Karen served as chief strategy officer, general counsel, and secretary to the board of a national mechanical and industrial process piping company after having been a senior shareholder and board member of the international law firm Vedder Price where she served as the Compensation Committee

chair and Litigation and Construction Area Practices leader. She is currently the national president of the Girl Scouts of the USA. She was also the first woman president of the 7th Circuit Bar Association and was the president of the University of Illinois College of LAS Alumni Association and received its Distinguished Service and Illinois Loyalty Awards. She also served as the chair of the University of Illinois President's Council and was a member of the U of I Alumni Association board of directors. Karen is a member of the Economics Club and former executive leadership advisor to the Chicago Metropolitan Planning Council and Chicago Executives Club member and former chair of the Greater Chicago Northwest Indiana Girl Scout Council, president of the Parents' Organization of St. Ignatius College Prep., the president of the Riverside Elementary Education Foundation, and chair of the Riverside Plan Commission. Karen is the immediate past co-chair of the ABA Construction Litigation Committee and is a faculty member of the ABA Construction Forum Trial Academy.

We are pleased to announce that Karen is the 2021 recipient of the Economics Alumni Social Impact Award.

Economics Staff Awards



Jamie Thomas-Ward (BA, '99, English) was awarded Midwest Association of Pre-law Advisors 2020 Racheter MAPLA Impact Award. Created in 2016, the Racheter MAPLA Impact Award recognizes annually a MAPLA region pre-law advisor who has demonstrated superior dedication to the advising of pre-law students and who has made valued contributions to the profession of pre-law advising.

Jamie Thomas-Ward



In 1993, the College of Liberal Arts & Sciences established the LAS Staff Awards to identify and honor selected staff members for their outstanding contributions to the college. We are pleased to announce that **Carol Banks** was awarded the 2020-2021 LAS Staff Award for her outstanding contribution to our department's doctoral program.

Carol Banks

Carol Banks

Faculty Spotlight



Jorge Lemus

During the pandemic, medicine has come sharply into focus. In quick succession, the world has been gripped by developments in medical equipment that helps keep people alive, therapeutics that help patients overcome the virus, and vaccines that keep us from getting sick in the first place. Underpinning all this innovation is a system that encourages the creation of intellectual property; without it, the infrastructure that made these breakthroughs possible would have been far weaker, and its output less impressive. Jorge Lemus, an assistant professor in our department, has devoted most of this research on the institutional framework that regulates intellectual property, both generally and also as it relates to medical innovation.

Jorge has explored how competition among innovators pushes them to choose inefficient research avenues. His work on the direction of innovation shows that many COVID-19 innovators did not direct their research effort to the most socially beneficial projects. In a recent interview with BuzzFeed News Dr. Fauci said: "Everyone was looking for a quick fix." Jorge's work explains that this is a consequence of the competition faced by innovators. Jorge also examined the impact of new technologies by measuring drug innovation following genome-wide association studies (GWAS). After developing a novel measure of the biological complexity of a disease, he found that GWAS translated into drug development only for less-complex diseases. This finding helps understand why it has taken over 20 years, and the development of new genetic tools, for us to enjoy the benefits of genetic technology.

Much of Jorge's work has looked at aspects of litigation related to patent enforcement and its impact on innovation. He developed guidance for regulators to assess when settlements between litigants are anti-competitive, particularly, those where a generic drug

company agrees to delay production in exchange for a payment. He investigated the impact on litigation and settlement of the "Patent Trial Appeal Board," a newly created forum to challenge the validity of patents, the constitutionality of which is being examined by the Supreme Court.

Jorge's findings sometimes challenge conventional wisdom. For example, he has shown that "patent assertion entities," firms that purchase patents for the purpose of enforcing them against manufacturing companies, can encourage innovation by making patents more valuable. The main reason is that patent assertion entities are not vulnerable to infringement countersuits because they do not make products. As a result, they are better at enforcing their patents, which they purchase at a premium from intellectual property producers, thus encouraging innovation. Jorge has also analyzed the design of patent infringement insurance, a market solution for manufacturing companies at risk of infringing patents.

This work cuts across several disciplines, and is of interest to the sciences, business, and law. In fact, Jorge Lemus has recently been offered a courtesy appointment in the University of Illinois College of Law, which would facilitate his collaboration with legal scholars.

Jorge has also explored the design of prize competitions, a mechanism to encourage innovation that has recently attracted much attention and millions of dollars by public and private entities. He has shown that better results are produced when participants have access to a real-time public leaderboard, and when they can self-organize into teams.

Jorge teaches in all instructional programs of our department. His undergraduate course on the economics of innovation and technology is among the most popular for our students, while his master's course in game theory equips our MSPE students with a toolkit to analyze strategic interactions. Jorge also teaches microeconomic theory at the PhD level.

New Faculty

Shihan Xie joined our department in fall 2020, after completing her dissertation at the University of California, San Diego. Her expertise is in macroeconomics. We are happy to introduce her to our department and our alumni, through this short conversation.



Shihan Xie

Please tell us a little bit about yourself (such as where you are from, hobbies, family, etc....whatever you would like to share).

I was born and raised in a small town on the east coast of China. I subsequently earned a bachelor's degree in mathematics and economics

in Singapore before moving to southern California for doctoral studies. I'm a yogi who also enjoys the outdoors. I have not seen much snow in my life before moving to Illinois. I like hot chocolate and anything that keeps me warm.

Why did you decide to major in or pursue graduate studies in economics?

I witnessed the onset of the financial crisis before entering college. It puzzled me why and how the financial market collapsed in a few months in the United States, and rippled throughout the world. This financial tsunami triggered a series of economic downturns and job losses across the Pacific. At the end of the day, it was every single household, especially those less privileged, that suffered the most from the repercussions that started from Wall Street. It was a sober reminder of a globalized world we're living in, and I was determined to understand how the economy runs and how to make it more robust to avoid such a tragedy.

Briefly, what are your primary teaching and research interests?

My primary research and teaching interests are empirical macroeconomics. In particular, I am interested in monetary policy, housing prices and household expectations. My research focuses on employing quantitative methods to understand economic fluctuations and the propagation of shocks. My approach involves statistical analysis of macro and micro data, developing and estimating tractable models.

What is your favorite part of being an economist or teaching economics?

Teaching and studying economics is both fun and challenging. We live in a world where the economics outlook is constantly evolving. One of our jobs being a macroeconomist is to look out for the economy in prevention of big crises. On the flip side, we learn from economic crises to develop new macro models and improve existing theories.

What is your best advice to students studying economics?

Economic principles are everywhere in our daily lives and shape our decision making in various ways. I would encourage students to learn outside the classrooms through outside channels, like listening to economic-related podcasts and attending public lectures to see that economics are deeply rooted in our social life. Ultimately, I hope the students can appreciate economic models as a lens to see through the complex real economy and actively apply the economics principles to their lives.

Retirement Message

Professor Hadi Salehi Esfahani retired in October 2020 after 36 years in our department, where he started his career as an assistant professor. Hadi grew up in Neyshabur, Iran. An early sign of his promise as an academic was his success in the country's 1972 university entrance examination, where he earned the top rank, a monumental feat given the competitiveness of these exams. He then went on to obtain his bachelor's degree in mechanical engineering from the University of Tehran. By the time he moved to the United States to pursue his graduate education at the University of California, Berkeley, his interests had shifted towards the social sciences. He earned his doctorate in 1984 after which he settled in Urbana-Champaign.

In his years as an academic, Professor Esfahani made numerous scholarly and professional contributions that have benefited not only the university but also the discipline. His research has focused on development issues—particularly on the role of politics and governance in fiscal, labor, trade, and regulatory outcomes—and has been published in an array of prominent academic journals and other outlets. On the other side of the publication process, he served as the editor-in-chief of the Quarterly Review of Economics and Finance, and as a member of the editorial teams of the Review of Development Economics and the Review of Middle East Economics and Finance.

Hadi was a superb teacher in both undergraduate and graduate classes, and has earned many awards. Notably, he was consistently included on the "List of Teachers ranked as Excellent by their Students" and was recognized as Faculty of the Year or Professor of the Year on four occasions for his teaching in the MBA program. He has served as thesis advisor to dozens of students, who now serve as academic and professional economists all over the world.

As an administrator, Hadi served as the director of the Global Studies Initiative (which he helped create) and of the Center for South Asian and Middle Eastern Studies.



Hadi Salehi Esfahani

Beyond the university, Professor Esfahani has served in leading roles in the Middle East Economic Association and the Economic Research Forum for the Arab Countries, Iran & Turkey. Additionally, Professor Esfahani co-founded the International Iranian Economic Association in 2012, which provides a forum for economists

interested in Iran related research to share their work and collaborate with one another, and has served as a member of its board of directors since its inception.

Like others in the Iranian diaspora, Professor Esfahani maintained a deep appreciation and attachment to his heritage and native land, and a concern for the well-being of its people. This manifested not only in his research on the Iranian economy and his involvement in the founding of the International Iranian Economic Association but also in his founding of the Iranian Studies Fund, which supports academic and cultural programs related to Iran at the University of Illinois. Importantly, Professor Esfahani has provided unconditional and dependable help, affectionate care, and encouragement for many Iranian students, who, like himself, have sought to continue their education in the United States.

Hadi has not just been a major contributor to the life of the Department, but also a friend. We wish him a fulfilling retirement.



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Joseph Baldwin
Associate Director
of Development

When you give to the department, you make an impact on the future of our students and faculty. We are grateful to so many of you who continue to generously invest in us and ensure our excellence in teaching, learning, research, and outreach. If you are interested in giving opportunities, please contact our associate director of development, **Joseph Baldwin**, who can be reached at jbbaldw2@illinois.edu or **(217) 300-5967**.

Gifts can be made outright or through options such as a gift from your will/estate, appreciated stock, and home/farmland donations.

Our department relies on the generous support of alumni and friends to provide the best possible learning and research environment for our students and faculty members.

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- Recruit and retain the best faculty members
- Provide state-of-the-art facilities that house important research and teaching
- Provide learning and professional development opportunities for our students

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