Economics Department Newsletter

April 12, 2013

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2. **Wednesday April 17**, 7:30pm, Griffin 6. David Stoll, Dept. of Anthropology, Middlebury College. "Great Expectations: How the American Dream Produced a Financial Crash in a Mayan Indian Town."

3. **Thursday, April 18**, 4:00PM, Griffin 6. Henry Farber, Princeton University, Class of 1960 Scholars Seminar. "Do Extended Unemployment Benefits Lengthen Unemployment Spells? Evidence from Recent Cycles in the U.S. Labor Market."

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Events

1. Lucie Schmidt: "Growth in the Supplemental Security Income Program for Children: The Role of Local Jurisdictions and Fiscal Incentives."

On **Wednedsay, April 17**, at 4:00PM in Griffin 6, Prof. Lucie Schmidt of Williams College will present an Economics Department Seminar on her paper "Growth in the Supplemental Security Income Program for Children: The Role of Local Jurisdictions and Fiscal Incentives," co-authored with Julie Cullen of the University of California San Diego. From the introduction: "Over the past twenty years, the number of children classified as disabled and receiving benefits from the Supplemental Security Income (SSI) program has increased dramatically. In 1990, 308,589 children under the age of 18 received SSI benefits. By 2007, there were 1,121,017 children on the program, an increase of more than 250%... In this paper, we examine whether counties in which the school districts had incentives to classify a larger share of students as disabled in turn witnessed greater expansions of SSI caseloads. We exploit variation in the additional state revenue provided for students served in special education as compared to students served in regular education across schools districts in Texas in the early 1990s, which Cullen (2003) shows influenced student disability rates. We find that the growth in caseloads following the 1990 SSI liberalization is amplified in localities where the state school finance system encourages liberal identification of students with special needs."

2. David Stoll: "Great Expectations: How the American Dream Produced a Financial Crash in a Mayan Indian Town."

On **Wednesday April 17**, 7:30pm, in Griffin 6, David Stoll, an Anthropologist from Middlebury College, will give a lecture entitled "Great Expectations: How the American Dream Produced a Financial Crash in a Mayan Indian Town." Prof. Michael Brown says: "The talk will be based on his just-published book, *El Norte or Bust: How Migration Fever and Microcredit Produced a Financial Crash in a Guatemalan Town*. One reviewer described the nub of the book this way: 'Amidst these accounts, Stoll unravels the manner in which microcredit has been used—both the formal (institutional) and informal (via neighbors or community groups) kinds. Included are details about the exorbitant interest rates (sometimes 10 percent or more a month), multiple borrowings (usually for treks to the United States in search of work), and the lack of any real opportunities to profit from or repay what was loaned. Thus, readers are confronted with not-so-happy endings: failed "trips" to the US costing upwards of $5,000, the lack of employment and increasing hostility toward immigrants here, and the possibility of losing even what little one had to begin with. All the while, the loan(s) continue to mount, and the palpable desperation of already squeezed people reveals the counterintuitive yet understandable mentalities of 'doubling down' and (literally) 'betting the house.''"

3. Henry Farber: "Do Extended Unemployment Benefits Lengthen Unemployment Spells? Evidence from Recent Cycles in the U.S. Labor Market."

On **Thursday, April 18**, at 4:00PM in Griffin 6, Henry Farber of Princeton University will present a Class of 1960 Scholars Seminar on his paper "Do Extended Unemployment Benefits Lengthen Unemployment Spells? Evidence from Recent Cycles in the U.S. Labor Market." From the abstract: "In response to the Great Recession and sustained labor market downturn, the availability of unemployment insurance (UI) benefit was extended to new historical highs in the United States, up to 99 weeks as of late 2009 into 2012. We exploit variation in the timing and size of UI benefit extensions across states to estimate the overall impact of these extensions on unemployment duration, comparing the experience with the prior extension of benefits (up to 72 weeks) during the much milder downturn in the early 2000s. Using monthly matched individual data from the U.S. Current Population Survey (CPS) for the periods 2000-2005 and 2007-2012, we estimate the effects of UI extensions on unemployment transitions and duration. We rely on individual variation in benefit availability based on the duration of unemployment spells and the length of UI benefits available in the state and month, conditional on state economic conditions and individual characteristics. We find a small but statistically significant reduction in the unemployment exit rate and a small increase in the expected duration of unemployment arising from both sets of UI extensions. The effect on exits and duration is primarily due to a reduction in exits from the labor force rather than a decrease in exits to employment (the job finding rate). The magnitude of the overall effect on exits and duration is similar across the two episodes of benefit extensions. Although the overall effect of UI extensions on exits from unemployment is small, it implies a substantial effect of extended benefits on the steady-state share of unemployment in the cross-section that is long-term."

4. Jane Leber Herr: "Understanding the Mechanism of the Return to Delayed First Birth."

On **Friday, April 19**, at noon in Schapiro 309, Jane Leber Herr, a visiting scholar National Bureau of Economic Research, will present preliminary research on "Understanding the Mechanism of the Return to Delayed First Birth" at an informal brown-bag lunch. Jane recently completed a Ph.D. in economics at UC Berkley, and is interested in economic demography, family economics, labor economics, and public finance. From an extended abstract of her proposed research: "Over the last several decades, a rich vein of economic research has established that women with children receive lower wages than those without – the so-called 'motherhood wage gap' Furthermore, in light of the striking increase in the median age at first birth over the past 50 years, a more recent literature has concluded that the timing of entry into motherhood can affect the magnitude of this effect. The goal of this paper is to address the relatively unexplored question of the mechanism by which first-birth timing influences a woman's wage path."

On-campus job opportunities

5. Apply to be an economics teaching assistant for fall semester 2013. Deadline is Friday April 26th.

If you are interested in TAing for the Economics Department in Fall 2013, please apply using the link below by **Friday, 4/26 at noon (12pm)**. We will not accept late applications. We will need TAs in Econ 110, 120, 251, 252, (POEC) 253, 255, 363, 384, 501, 501, 502, 503, and 504. There may be TA positions open in other economics classes. We will also need a student to help the department with computer- and web-related tasks.

Please apply through the following link:
https://www.surveymonkey.com/s/fall_2013_econ_ta

If you have difficulty completing the application or questions about the process, please contact Professor Jacobson (saj2@williams.edu).

Summer internship opportunities

6. New York Fed Economics Education Department listings of summer internship opportunities for economics students.

The economics education department at the Federal Reserve Bank of New York has assembled an extensive listing of summer internship opportunities for economics students at a wide variety of organizations, including URLs providing information on the internships and how to apply. You can find the listings at the following URL:
https://web.williams.edu//williams-only/Economics/NewsletterAnnouncements/April2013_03/NY-Fed-Summer-Internship-Table.pdf

In the news

7. How much do you need to know about math to be a great scientist (or economist?)

Professor Jerry Caprio suggests that students and faculty might find the following article by E. O. Wilson, entitled "Great Scientist ≠ Good at Math" to be interesting:
http://online.wsj.com/article/SB10001424127887323611604578398943650327184.html

Paul Krugman's thoughts on the article, available at the URL below, may also be of interest:
http://krugman.blogs.nytimes.com/2013/04/09/doing-the-math/

None of this changes the fact that, if your goal were to get in to graduate school in economics and survive it, in general you would need to be very well prepared in advanced mathematics. The math can also be quite useful for certain things you might want to do in economics. For further thoughts on that, see for example:
http://econ.williams.edu/students/grad-school-preparation

About the newsletter

8. How to get items into the newsletter and how to unsubscribe

We send out the economics department newsletter approximately once per week when school is in session. Recipients include Economics and Political Economy faculty and majors. as well as any student who has manifested an interest in the field by taking an economics class at least once during their time at Williams. Please contact Jon Bakija with any news, events, or other information that you would like to send around to this list of recipients, or if you would prefer to unsubscribe.