

# Economics Department Newsletter

September 24, 2013

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2. Friday, September 27, 4:30pm – 6:00pm [NOTE NEW TIME]. Griffin 6. CDE Seminar. [Stijn Claessens](#), International Monetary Fund. [\*Macro-Prudential Policies to Mitigate Financial System Vulnerabilities\*](#).

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### Seminars and events

#### 1. The IMF's Role in Crisis Management

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On Friday, September 27, at noon in the CDE dining room, [Stijn Claessens](#) of the International Monetary Fund will lead a “Development Dialogue” on the topic “*The IMF's Role in Crisis Management*.” For this talk, reservations are required due to limited

seating and provision of lunch. If you are interested in attending, please email Karima Barrow at [Karima.E.Barrow@williams.edu](mailto:Karima.E.Barrow@williams.edu) and she will let you know if there is room for you.

## **2. Macro-Prudential Policies to Mitigate Financial System Vulnerabilities**

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On Friday, September 27, from 4:30pm – 6:00pm [NOTE NEW TIME] in Griffin 6 [Stijn Claessens](#) of the International Monetary Fund will present a CDE seminar on “[Macro-Prudential Policies to Mitigate Financial System Vulnerabilities](#).” Macro-Prudential policies refer to a broad range of regulatory policies that are intended to tame credit-fueled asset price bubbles that, as we just saw, can be devastatingly harmful to the economy when they pop. So for example, when the central bankers and regulators suspect that a housing bubble is beginning to take off, they might raise the down-payment required to purchase a house. David Wessel of the *Wall Street Journal* offers an accessible explanation and some examples [here](#). In Friday’s seminar, Stijn Claessens of the IMF will present new cross-country evidence on the degree to which these policies are effective. From the abstract:

“Macro-prudential policies aimed at mitigating systemic financial risks have become part of the policy toolkit in many emerging markets and some advanced countries. Their effectiveness and efficacy are not well-known, however. Using panel data regressions, we analyze how changes in balance sheets of some 2800 banks in 48 countries over 2000-2010 respond to specific policies. Controlling for endogeneity, we find that measures aimed at borrowers – caps on debt-to-income and loan-to-value ratios, and limits on credit growth and foreign currency lending – are effective in reducing leverage, asset and noncore to core liabilities growth during boom times. While countercyclical buffers (such as reserve requirements, limits on profit distribution, and dynamic provisioning) also help mitigate increases in bank leverage and assets, few policies help stop declines in adverse times, consistent with the ex-ante nature of macro-prudential tools.”

## **Thinking about grad school?**

### **3. Updated advice on graduate school available on the econ department website**

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Interested in pursuing a graduate degree in economics or a related field? The economics department has assembled good advice and information from around the Internet and posted it here:

<http://econ.williams.edu/students/grad-school-preparation>

We recently updated it with lots of new and interesting links.

## **Internship and job opportunities**

### **4. Capital Semester in Washington**

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The Capital Semester in Washington DC seeks applicants. From their promotional materials: “This academic internship program is for undergraduates seeking to obtain professional experience in the fields of economics, public policy and international affairs.” For further information, please see:

[http://web.williams.edu/williams-only/Economics/NewsletterAnnouncements/2013092/Capital\\_Semester\\_in\\_Washington.pdf](http://web.williams.edu/williams-only/Economics/NewsletterAnnouncements/2013092/Capital_Semester_in_Washington.pdf)

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### **5. Council of Economic Advisers internship program**

The Council of Economic Advisers seeks applicants for its spring internship program. For further information, please see:

[http://web.williams.edu/williams-only/Economics/NewsletterAnnouncements/2013092/Council\\_of\\_Economic\\_Advisers\\_Spring\\_Internship\\_Program.pdf](http://web.williams.edu/williams-only/Economics/NewsletterAnnouncements/2013092/Council_of_Economic_Advisers_Spring_Internship_Program.pdf)

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### **6. Harvard behavioral economist David Laibson and co-authors seek research assistant**

Economics professors David Laibson (Harvard University), Brigitte Madrian (Harvard University), James Choi (Yale University), and John Beshears (Harvard University) employ full-time research assistants with start dates during the summer of 2014. This one-year position entails work on theoretical and empirical research related to decision making, savings, investment, health behaviors, and psychological economics. For further information, please see:

<http://web.williams.edu/williams-only/Economics/NewsletterAnnouncements/2013092/LaibsonRA.pdf>

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### **7. Federal Reserve Bank of New York seeks research analysts**

The Federal Reserve Bank of New York seeks applicants for research analyst positions starting summer 2014. For further information please see:

<http://web.williams.edu/williams-only/Economics/NewsletterAnnouncements/2013092/NY-Fed.pdf>

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### **8. Match Education teaching program seeks applicants**

Match Education offers opportunities for graduating seniors to work as teachers. For further information, please see:

<http://www.matcheducation.org/>

or visit their representative at the Williams Fall Job & Internship Fair on Thursday, September 26th in the Paresky Student Center.

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### **9. Woodrow Wilson Teaching Fellowship program seeks applicants**

The Woodrow Wilson Teaching Fellowship program offers opportunities for college graduates to earn a master's degree while gaining clinical experience teaching in a high-need school. For further information, please see:

<http://web.williams.edu/williams-only/Economics/NewsletterAnnouncements/2013092/WoodrowWilsonTeaching.pdf>

### **Opportunities for faculty**

## **10. National Academy of Education/Spencer Postdoctoral Fellowship Program in Education Research**

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The National Academy of Education/Spencer Foundation Dissertation and Postdoctoral Fellowship Programs in education research seek applicants. Those who earned their PhD between January 1, 2008, and December 31, 2012 are eligible to apply for the Postdoctoral fellowship. For further information, please see:

<https://services.blimesaging.com/201208/viewaswebpage/viewaswebpage.aspx?unqid=bd57e3d1-9224-e311-bd25-000c29ac9535>

### **Interesting reading**

## **11. “Bubbles Tomorrow, Yesterday, but Never Today?”**

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John C. Williams, president and chief executive officer of the Federal Reserve Bank of San Francisco, offers a new, interesting, and accessible discussion of asset market bubbles here:

<http://www.frbsf.org/economic-research/publications/economic-letter/2013/september/asset-price-bubbles-theory-models/>

From the abstract: “Standard asset price models have generally failed to detect bubbles, with enormous costs to the economy. Economists are now creating promising new models that account for bubbles by relaxing the assumption of rational expectations and allowing people’s decisions to be driven by their perceptions of what the future may hold.”

### **About the newsletter**

## **12. How to get items into the newsletter and how to unsubscribe**

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Please contact [Jon Bakija](#) with any news, events, or other information that you would like to send around to Economics and Political Economy faculty and majors, as well as anyone who has manifested an interest in the field by taking a class in either department this semester, or if you would prefer not to receive the newsletter and want to unsubscribe.