

## **C.V. STARR CENTER FOR APPLIED ECONOMICS ANNUAL REPORT, 2012-2013**

The C.V. Starr Center for Applied economics at NYU has as its purpose the conduct and encouragement of research in economics and finance with a focus on long-term issues of fundamental importance in the applied areas of macroeconomic stability, financial markets, commerce, industry, and technology. It seeks to accomplish this purpose through the support of research, collaborative interaction, publication, and conferences. The work of the Center is made possible by a generous grant from the C.V. Starr Foundation, made in 1978. The Center is an internal research organization of the NYU College of Arts and Sciences Economics department.

### **THE YEAR IN REVIEW**

The Center directed its support to a number of successful activities aimed at addressing contemporary social and economic problems. The Center's endowment increased 7.4% between July 31, 2012 and July 31, 2013. For FY2012-2013, the Center directed 26% of its budget to support faculty research, 17% of its budget in support of conferences, 10% to support graduate doctoral research, and 13% in support of economic seminar series and key note speakers at NYU. The Center maintained its support of NYU doctoral student research activities, including travel to conferences, as they ascend in increasing numbers to the national and international stage with their own original research. The remaining funds were devoted to administrative activities and reinvestment in the fund's endowment to grow future income.

### **REPORT ON RESEARCH ACTIVITIES**

The Center provided on-going research support to NYU Faculty engaged in research. Funds supported research directly related to the 2007/2008 financial crisis and its aftermath, to the relation between institutions and economic outcomes, to the distribution of wealth and its relation to redistributive policies, to the study of banking systems, risk and financial markets. On the micro side, fellowship support to faculty funded the study of healthcare and health, education and energy policy, innovation and imitation, divorce and wages, among other topics. The Center also supported graduate student research by helping to fund their presentations at major academic conferences. A list of student presentations and conferences is available upon request.

### **CONFERENCES REPORT**

The C.V. Starr Center funded conferences in 2012-2013, in keeping with its objective of sharing ideas and findings from high quality applied economic research in a collaborative environment.

#### **Sixty Years Since Baumol-Tobin: A Celebration, NYU, New York**

On September 28<sup>th</sup>-29<sup>th</sup> 2012, NYU hosted the conference "Sixty Years Since Baumol-Tobin: A Celebration." The conference was funded by the CV Starr Center with

additional support from NYU's Stern Center for Global Economy and Business. The program committee was composed by Fernando Alvarez (Chicago), Francesco Lippi (EIEF-Rome), and Gianluca Violante (NYU). The full program of the conference, with links to all papers, is available here : <https://sites.google.com/site/baumolconference2012/>

### **Biannual NYU Search Theory Workshop, NYU, New York**

The NYU Search Theory Workshop is held once a semester to discuss recent work that applies or develops the mathematical techniques and equilibrium analysis commonly known as Search Theory. The workshop, funded by the C.V. Starr Center, provides a forum to foster interaction among researchers working in all fields. The inaugural NYU Search and Matching Workshop took place at NYU on April 6th, 2013 with the financial support of the CV Starr Center. The aim of the conference was to feature frontier research on frictions in the labor market, in goods markets, and in asset markets, drawing on the extensive expertise on our faculty in the field of search and matching, and to foster interaction between our students and faculty on the one hand, and faculty and students from the neighboring institutions on the other. The first conference was a one-day event, presentations starting at 10AM and ending at 5:30PM. It featured presentations by Giuseppe Moscarini (Yale), Greg Kaplan (Princeton), Nicola Branzoli (Wisconsin), Michael Choi (Wisconsin) and our own students Klaus Hellwig and Shengxing Zhang. The last three presentations featured papers written by PhD students, which reflected the organizers' aim to keep the workshops relatively relaxed and informal. The second NYU-CV Starr Search and Matching conference will be held on October 5, 2013. is now scheduled, and we have already secured the participation of Randall Wright of Wisconsin University, a renowned authority on the subject. The second NYU Search and Matching Workshop took place at NYU on October 5, 2013. The conference featured presentations by Jeremy Lise (University College London), Katarina Borovickova (NYU), Zach Bethume (UCSB), Randy Wright (Wisconsin) and our own student Ross Doppelt. Two of the five presentations were by advanced Ph.D. students, which reflects the organizers' aim to keep the workshops open to new developments in the field.

### **Second Biennial Economics PhD Alumni Conference, NYU, New York**

On May 31st-June 1st 2013, The C.V. Starr Center hosted the Second biennial Economics Ph.D Alumni Conference. The conference was funded by the CV Starr Center, with additional support from Brevan Howard Inc., whose CEO Jason Cummins is a former NYU faculty member. The program committee was composed by Yaw Nyarko (NYU), Alessandro Gavazza (NYU Stern), Ana Maria Santacreu (INSEAD), Ariell Reshef (Virginia), Karl Walentin (Riksbank), Michele Cavallo (FRB), and Sangeeta Pratap (CUNY). The conference was organized after the success of the First NYU Econ

Ph.D. Alumni Conference which was held on June 3rd-4th, 2011. A key objective of the conference is to reinforce the ties of the NYU-Econ community. The conference consisted in two days of academic talks and discussions carried by NYU Alumni, NYU Faculty and NYU Job Market Students. The conference was kicked off by a plenary talk by Boyan Jovanovic on "Bubbles in Exhaustible Resources." The first day of the conference included six sessions, with 19 presentations and discussions. Douglas Gale closed the academic presentations of the first day with a plenary talk on "The Future of Financial Regulation." The conference dinner closed the first day. The second day included eight sessions, with 27 presentations and discussions. Ricardo Lagos closed the conference with a plenary talk on "The Search-Theoretic Approach to Financial Liquidity."

### **C.V. Starr Distinguished Speaker Series: Daron Acemoglu, NYU, New York**

On April 11, 2013, the C.V. Starr Distinguished Speaker Series welcomed Daron Acemoglu, Elizabeth and James Killian Professor of Economics at Massachusetts Institute of Technology and a renowned theorist of political economy and development economics. Professor Acemoglu gave a plenary talk from 4:00-5:00 pm with a reception immediately following. In his talk, Professor Acemoglu assessed the effects of industrial policy on innovation and productivity, an especially timely topic in light of the historically large government assistance recently given to the U.S. auto and financial sectors. In his talk, he directly compares the potential benefits for growth and productivity of such policies (such as the employment protection they afford and the potentially valuable support for incumbent research and development activities) against the potential costs of such policies (such as the barriers to entry of more efficient firms such policies create). His analysis used both theoretical tools to model these tradeoffs, and empirical estimation. A reception, and subsequent meetings with NYU's own economic theorists, followed the talk.