



College of Letters & Science
UNIVERSITY OF WISCONSIN-MADISON

Economics matters



News for Alumni and Friends of the Economics Department

Fall 2021



After a year of remote learning, UW-Madison welcomes students and staff back to campus.

Read more on new faculty Louphou Coulibaly inside.

ECONOMICS DEPARTMENT ON THE WEB



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Letter from the Chair



that I would like to highlight. As an entrepreneurial department, we continue to grow both in the number of faculty and in our reach. You will read about how our very own Center for Research on the Wisconsin Economy (CROWE) analyzed and released important economic research updates throughout the pandemic to help policymakers and small businesses in Wisconsin to make critical business decisions. On page 7 you will meet our most recent faculty hire, Loupouh Coulibaly, who has already begun teaching students this fall.

The pandemic has impacted us just as it has had an impact across the globe. However, through it all, I have been humbled by the generosity of our alumni and friends. We continue to grow as a successful department thanks in great part to your support and involvement. Thank you for your continued support.

On, Wisconsin!

Ananth Seshadri
Chair, Department of Economics
Todd E. and Elizabeth H. Warnock
Distinguished Chair in Economics

This fall has been an especially exciting time on campus. The Department of Economics has remained nimble throughout the pandemic and our faculty and staff have eagerly and enthusiastically welcomed economics students back to campus. With the start of the school year, our Undergraduate Academic Advising Office hosted an outdoor “Welcome Back” event. The well-attended celebration was the largest on campus and gave returning students an opportunity to talk with faculty and advisors, as well as meet other economics majors.

There are several bright spots in the department from the past year

ECONOMICS MATTERS

is the alumni newsletter of the Department of Economics at the University of Wisconsin–Madison.

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Thank you!

On the cover: Pedestrians and students walk across Bascom Hill at the University of Wisconsin–Madison as the tree foliage begins to take on a golden hue.
(Photo by Jeff Miller/UW–Madison)

From the Dean's Desk



PAULIUS MUSTEKIS



This fall marks a return to in-person classes and events, and it is exciting to be back on campus with students and colleagues! Our classrooms are full, our labs are humming, and the frisbees are flying again on Bascom Hill. The university's COVID-19 protocols are continually adjusted based on the shifting state of the virus. With safe behavior and a campus vaccination rate of more than 90 percent, I am hopeful that we will successfully navigate the fall and winter.

There is much good news to share. UW–Madison welcomed its largest-ever freshman class, with more than 8,400 new students arriving in early September. In October, we celebrate the conclusion of the wildly successful All Ways Forward campaign, which has raised \$4 billion for UW–Madison, and \$652 million for the College of Letters & Science. Annual giving, too, is on track this year, mirroring strong pre-COVID giving trends. I would like to extend my deepest gratitude to alumni whose unwavering support through the hardest of times enabled us to emerge stronger and ready to meet future challenges.

We have great news on capital projects to share. The Wisconsin legis-

lature has approved funding for a new academic building for the College of Letters & Science. Departments and classes currently housed in the deteriorating Humanities Building will be relocated to a modern, interactive, and world-class space that will transform the student learning experience.

A new building for our School of Computer, Data & Information Sciences is also underway, paving the way for this powerhouse new unit to meet a global need for students trained in computational thinking, big data, AI, and related fields.

Finally—our highly anticipated new Chemistry Building should open in 2022, and the impact on our STEM programs will be profound.

It feels great to look forward to so much. As always, a heartfelt thank you for all you do to support L&S. It means the world to us.

On, Wisconsin!

A handwritten signature in black ink, which appears to be "Eric M. Wilcots".

Eric M. Wilcots, Dean of the College of Letters & Science
Mary C. Jacoby Professor of Astronomy

Share your favorite memory or photo from your time at Wisconsin Economics: #uwmadisonecon

CROWE Research Helps Explain the Economic Impact of COVID-19 in Wisconsin

“In the field of economics, there are a lot of people working on national and international economic issues,” says Noah Williams, Curt and Sue Culver Professor of Economics, and director of the Center for Research on the Wisconsin Economy (CROWE). “However, there’s much less of a focus on the state level.”

CROWE set out to change that, by applying the economic research conducted at UW–Madison to the challenges the state of Wisconsin faces. This has been particularly critical during the period of economic instability associated with the COVID-19 pandemic. During the pandemic, CROWE released regular data briefs and white papers to keep both the public and Wisconsin policymakers informed and up to date on important economic trends.

One bright spot from the pandemic could be the new formation of business. According to CROWE research examining new business productivity, business output and income have recovered, but employment is still down. Williams notes that “perhaps the result of people either being out of work or forced to work in different ways (such as remotely) has led to new innovations that could have positive effects down the road.”

In addition to continuing to track economic indicators from the pan-



Noah Williams, Curt and Sue Culver Professor of Economics, and CROWE director, has been interviewed by several news outlets, including CNN (pictured here), about the research CROWE has been conducting on the COVID-19 pandemic.

demic, CROWE continues to research the Wisconsin economy with ongoing initiatives on the labor market and state tax reform. A current study looks at unemployment and unemployment insurance reforms. Williams explains that potential reforms might “include providing a back-to-work bonus rather than paying for people to remain unemployed.” CROWE economists are also exploring state tax reform. Williams explains that Wisconsin has had a persistent problem over the years with outmigration of people. “The labor force has been flat for more than a decade,” he says. “Reforming the state tax code could make the state

more attractive economically and help draw new businesses and workers into the state.

“The Wisconsin Idea is about using knowledge and applying it more broadly,” Williams explains. “CROWE has allowed us to increase the outreach from the Department of Economics to the university community, the business community, and the broader community.”

For more information on CROWE, visit crowe.wisc.edu. To learn more about CROWE research during COVID-19, visit crowe.wisc.edu/impact-of-covid19.

Continued on next page



CROWE Director Noah Williams was recently named the inaugural Curt and Sue Culver Professor of Economics. This position recognizes the importance of the great work by Professor Williams and by CROWE, and helps the department to continue to develop and expand its work. More info at: go.wisc.edu/v44662



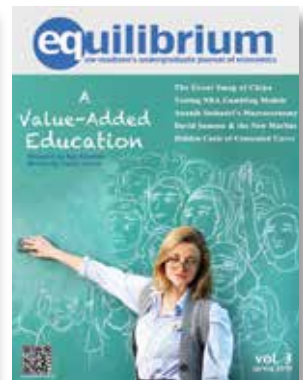
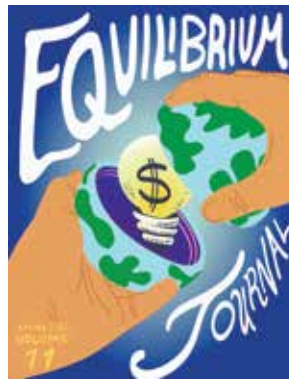
MORE ON CROWE RESEARCH

When the pandemic started, CROWE economists wanted to understand just how negative the economic situation really was, so they analyzed previously unavailable data looking at both spending and foot traffic at stores and restaurants, as well as employment and working hours. The data revealed what is now more commonly known: that the hospitality industry was hardest hit.

In studying the stay-at-home orders in relation to people's own voluntary behavior, CROWE discovered that early in the pandemic much of the reduction in economic activity was voluntary. The orders had some impact, but fear of the virus was the primary driver. After orders had been in effect for a while, people were looking to resume more of their regular activity. In Wisconsin, the economy saw a large jump in activity after the state Supreme Court invalidated the stay-at-home order.

The scale of unemployment during the pandemic was much higher than anything in recent history. However, CROWE data suggests we are experiencing a rapid bounce back of the labor market even though jobs numbers still aren't back to pre-pandemic levels.

CROWE research suggests that higher unemployment insurance benefits contributed to unemployment levels but cautions that it's not the whole story. While other factors are involved, unemployment benefits do seem to be playing a role in holding back employment.



Equilibrium: The Undergraduate Journal of Economics

Equilibrium is a concept taught in the first few days of any introductory economics class and is a concept students continue to explore throughout their economics careers. For economics students at the University of Wisconsin–Madison, equilibrium isn't just a state of balance in an economy, it is also the name of a student-published magazine and a space to explore new topics in economics through research and writing.

Founded in 2010 and first published in 2011, *Equilibrium* is the University of Wisconsin–Madison's undergraduate journal of economics. The journal provides a platform for students to explore their own economic questions, research the issues, and share their findings with a wider audience. Alumni donations generously support this great student organization and allow students to have the experience of publishing an economic journal.

Undergraduate students work together as editors, writers, and graphic designers to publish an annual printed version of the magazine as well as monthly articles published online. The articles span topics as diverse as the field of economics, and discussion and debate among writers during the creative process are welcomed and encouraged. Some previous articles covered include: the U.S.–China trade war, underbanked households and financial inclusion, the role of monetary policy in the fight against climate change, and the intersection of public health policy and economic stability during the coronavirus pandemic. *Equilibrium* writers come from different backgrounds and majors, but all share a common interest in economics.

You can read recent *Equilibrium* articles and past volumes at equilibrium-con.wisc.edu. Have an idea for a story or would like to connect with the student writers? Email uwequilibrium@gmail.com.



New appliances and comfortable seating allow students to relax and eat between classes.

Remodeled and Revamped

Areas of the 7th and 8th floors of the Social Sciences Building are getting a new look!

THE DAISY

Located on the 7th floor, The Daisy (economics graduate student lounge) was once a large room filled with furniture donated to the department after graduation or found during move-in days. Appliances housed in the room had been donated many years ago and, if more than one appliance was used at the same time, caused a power shortage.

The Daisy recently underwent a major renovation including:

- Updated electrical to accommodate a newer, energy-efficient refrigerator.
- Additional outlets (and USB charging outlets) near the tables allow students to charge/work while they eat. The outlets also have ethernet jacks.
- New flooring, ceiling tiles, lights, shades, paint, cabinets, and countertop.
- Additional storage gives the room a cleaner look.
- A modern color palette, and new furniture, brightens up the room

The recent upgrade provides a modern research collaboration space for econ PhD and masters students to relax or to have lunch between classes.



Updated electrical and additional USB charging outlets with ethernet jacks modernize the space.

8TH FLOOR

The Department of Economics gained additional square footage in the building when library consolidation on campus closed the 8th floor Social Sciences Resource Library in 2019. The space went largely unused during COVID-19, which allowed administration to rethink how to best utilize the space. After much deliberation, it was decided to create faculty/staff offices, a learning center, and a TA resource room. The work is scheduled to be completed in the summer of 2022.

New Faculty Member: Louphou Coulibaly

Louphou Coulibaly is originally from the Ivory Coast, a country located on the south coast of West Africa. Prior to joining our department in the fall of 2021 as an assistant professor, Louphou was an assistant professor in the Department of Economics at the University of Pittsburgh. He received a PhD in economics from the University of Montreal (Canada), and a master of science in economics and statistics from the National Institute of Statistics and Applied Economics (Ivory Coast).

His research covers topics in international macroeconomics, macroeconomics, and monetary economics. He describes his research briefly:

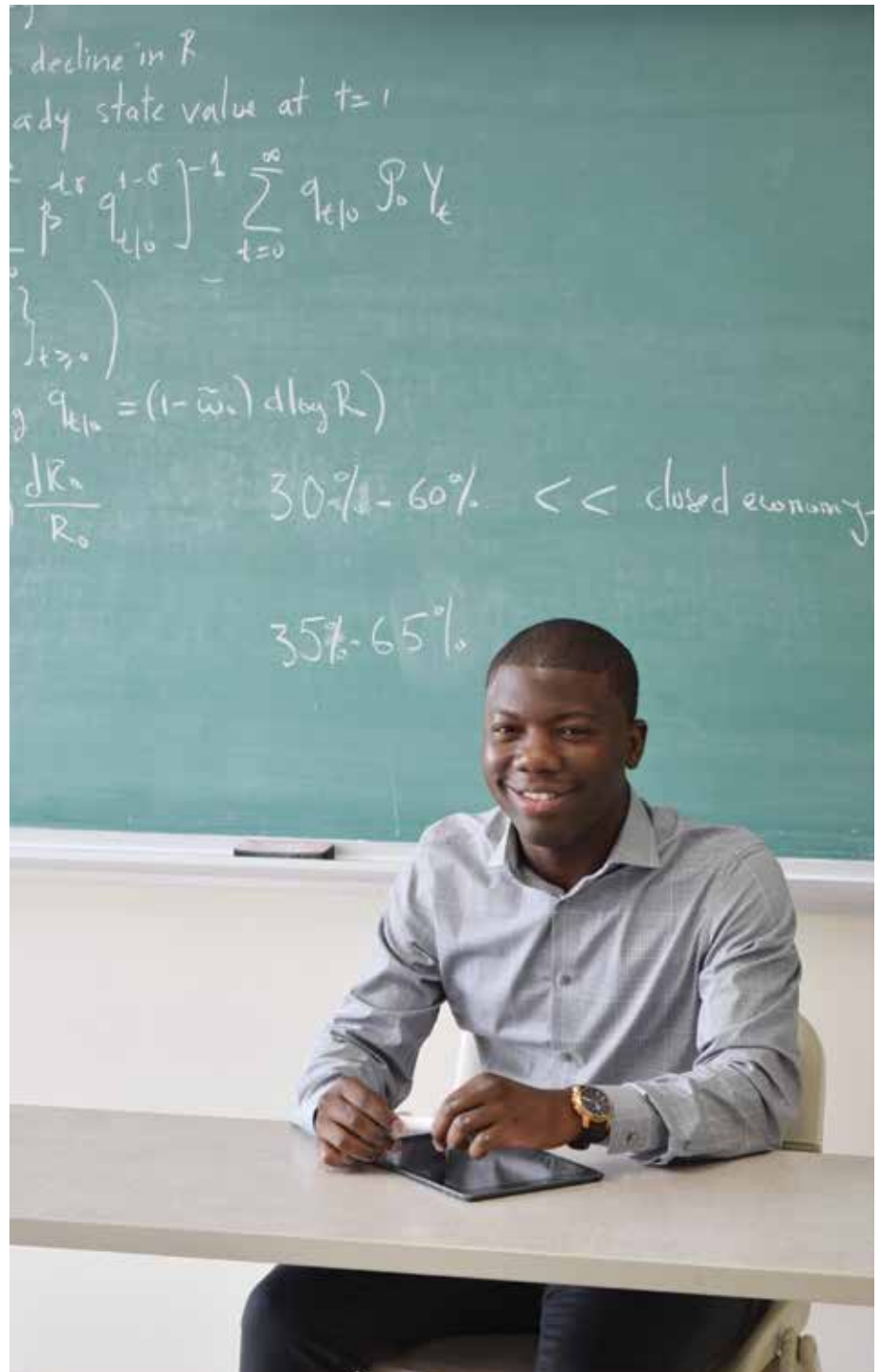
My research includes a paper that develops a theory explaining the pro-cyclicality of monetary policy in emerging market economies (EMEs). This framework is then used to show how adopting an inflation targeting regime in EMEs would help increase social welfare and reduce the severity of financial crises, despite increasing their severity.

In a joint paper with Javier Bianchi from the Minneapolis Fed, we study the transmission channels of monetary and macroprudential policies and evaluate the implications for international spillovers and global welfare. We argue that contrary to emerging policy concerns, capital controls are not beggar-thy-neighbor and can enhance global macroeconomic stability.

Finally, my coauthors and I study how governments can help stabilize the economy by providing safety nets for financial institutions without encouraging those institutions to take excessive risks.

My research agenda also includes ongoing projects on the design of macroprudential policies for currency unions and the effects of financial regulations on income inequality.

Louphou will bring his expertise to our students in the classroom this



fall semester, teaching ECON 704 (Econometrics I-Masters) and ECON 871 (International Economics - PhD).

“I am excited about joining the department and being a member of this community of high-profile researchers,” he says. “I’m also looking

forward to seeing faculty, staff and students on campus. Being able to teach in person creates a better learning environment and is engaging for students.”

In his free time, Louphou enjoys tennis, soccer, history, and Japanese anime.

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UNIVERSITY COMMUNICATIONS

New Certificate in Economic Analytics

The field of analytics and quantitative analysis is booming! Undergraduate students across campus majoring in business or engineering fields are interested in learning more about economic analytics.

To meet this demand, the Department of Economics is launching a new Certificate in Economic Analytics. The certificate is designed for students who are not already majoring in economics, and will teach a mix of microeconomic theory, statistics, and econometrics. Now anyone with an interest in economic analytics will be able to combine this training with their main field of study.

When analyzing data, economists use many of the same statistical tools as other disciplines. However, economists traditionally combine data analysis with economic models. This certificate will now allow even non-econom-

ics majors to explore this economic approach to data analysis without needing to take all of the additional courses required for the full economics major. The new certificate will allow more students to learn about economics and economic analysis, including hands-on experience analyzing real data.

According to lead academic advisor Alicia Johanning, "This certificate will allow students to understand both the why and the how of economics policies and their consequences. This will be immensely valuable as the world continues to require creative solutions to complex problems."

To read more about this exciting new certificate, visit econ.wisc.edu/undergraduate/certificate-in-economic-analytics/.

