

# UCR Economics Newsletter

September  
2020



## From the Chair's Corner

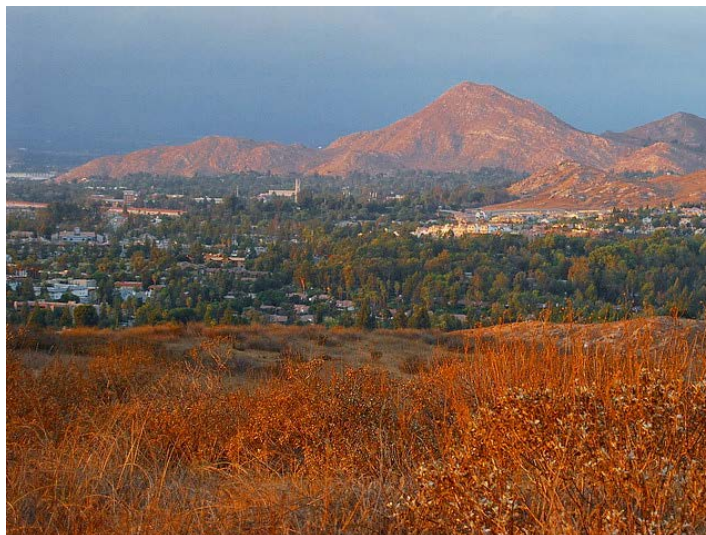
Steven M. Helfand

The Department of Economics is excited to release our third annual newsletter. We are proud to share some of the impressive accomplishments that our faculty, graduate and undergraduate students continue to honor us with. The network is growing, and we look forward to staying in touch with our alumni, emeriti faculty, and friends.

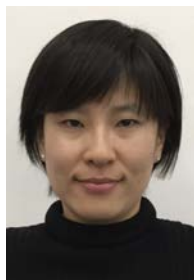
The past six months have been like no other time here at UCR. Just as Covid-19 has taken lives and affected livelihoods all around the world, it has also hit our campus hard. Final exams were moved online in mid-March, and we taught all classes remotely in the Spring. In the Fall, instruction will continue online. Little by little we are hoping to open more labs, research facilities, and low-density activities on campus. Despite these challenging times, we feel fortunate to welcome an incoming class of fifteen Ph.D. students. Nine of them have not yet been able to obtain visas and, like all other students, they will attend class virtually.

These are challenging times for us, as for so many people around the world. Riverside County has had over 1,100 deaths due to Covid-19, and California has registered over 15,000. The economic costs have also been extraordinary, with over 20 million jobs lost in the U.S. and rising business closures. Our department is conducting research on the Covid-19 pandemic to understand its economic and social impact, and to help guide policymakers. You can read about these new research initiatives in this newsletter.

Stay safe and healthy! That is what most matters.



## Ruoyao Shi Awarded Hellman Fellowship



Assistant Professor Ruoyao Shi was awarded a Hellman Fellowship for 2020-2021 to study homeownership assistance programs. Professor Shi will work on developing and calibrating a dynamic choice model that features the constraints that households face when they make housing decisions. Professor Shi hopes to quantify the significance of various barriers between disadvantaged households and homeownership, and more importantly, to evaluate the efficacy and the cost effectiveness of popular homeownership assistance programs targeting disadvantaged groups.

## Prasanta Pattanaik, Padma Shri Award Recipient

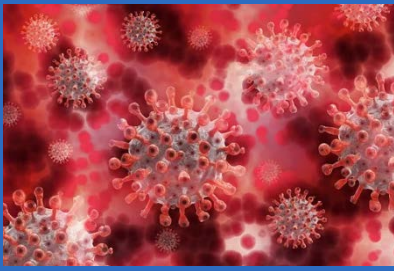
**Professor Emeritus Prasanta Pattanaik** has been honored with one of India's highest civilian Awards – the *Padma Shri* award. This award honors individuals who have distinguished themselves in various disciplines such as social work, public affairs, academic research, science, arts, civil service, among others, and who have made a profound contribution to social progress and to society. The award will be conferred by the President of India.



## Gifts to the Department

We thank Bruce McCormick for a donation that has allowed us to create the undergraduate *Bruce McCormick Award for Excellence in Economics*. The award will be granted to juniors or seniors in the Department who have demonstrated academic excellence in economics. Bruce McCormick received his B.S. in Economics from UCR in 1974, and then did graduate work at UC Berkeley. He was the first college graduate on either side of his family, and he attributes his time at UCR to providing the foundation to building a successful career in the financial industry.

We thank Patrick and Melissa Billiter and Suzanne Billiter Cragin for a donation that has allowed us to create the *Billiter Family Endowed Internship Support Fund*. The Fund will support students who are participating in unpaid internships or in internships that pose additional financial barriers. Its goal is to help students gain valuable skills, connect theory with practice, grow their networks, and contribute to career success. The Billiter family earned B.S. degrees in Economics, Business Administration, and Econ/Administrative Studies between 1985 and 1994.



# Economics Department COVID-19 Research

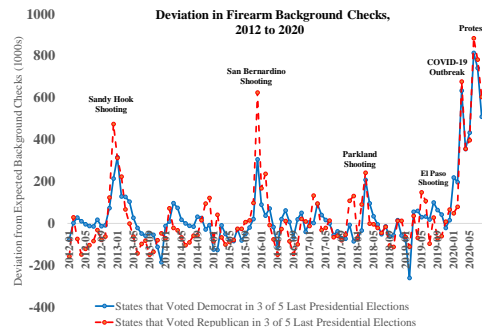
In her paper "Time Series Modeling of the Covid-19 Recession", Professor **Marcelle Chauvet** proposes a model that represents the U.S. business cycle in the last six decades and captures the drastic changes observed in the economy in 2020 due to the Covid-19 pandemic. Differently from previous recessions, the Covid-19 shock impacted some sectors of the economy abruptly while others were not very affected. Professor Chauvet proposes a nonlinear dynamic bifactor model in which sectoral changes are represented and linked to overall changes in the overall economic activity. The factors follow three Markov processes to characterize the dynamics of US output fluctuations. She considers the possibility that both the mean and the variance of economic activity can have short run fluctuations in addition to the possibility of structural breaks. She finds that the proposed flexible framework successfully represents all business cycle phases, including the Great Recession and the Covid-19 Recession. The model captures the Covid-19 recession and predicts the shape of the recovery despite the high uncertainty associated with the pandemic shock.



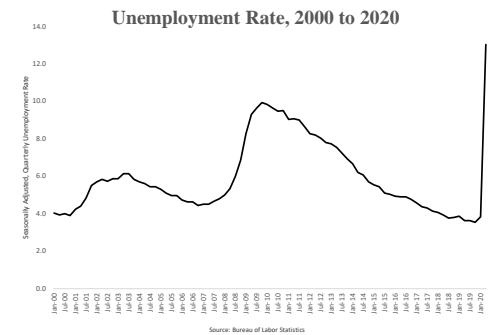
In their paper "Growth in Stress", Professor **Gloria Gonzalez-Rivera** (with Javier Maldonado and Esther Ruiz) ask the following question: if we were to have a worldwide shock, a rare event, one of those that happens every 100 years or so, what would be the decline in the Gross Domestic Product (GDP) of the world economies? In other words, what is the risk or the potential loss in economic activity that we are facing now? The authors develop an econometric methodology applied to an extensive data set to produce a new global risk index, Growth-in-Stress (GiS). Covid-19 is one of the rare worldwide shock playing havoc in every country in the world that the paper considers. The authors have updated their estimation with the new available data up to 2018 and the estimated risk in 2019 was as follows: an annual decline of 30% in industrialized countries, of 34% in emerging economies, and of 27% in other developing countries. The latest numbers from the U.S. Bureau of Economic Analysis reported a drop in GDP for the 2020 second quarter of 32.9% (annual rate), which is very much on target with the risk that their models predicted.

In a project titled "Optimizing the Spread of Information on Social Platforms: A COVID-19 Field Experiment in Pakistan", Assistant Professor **Sarojini Hirshleifer** (and co-authors) study the dissemination of misinformation during the Covid-19 pandemic. Social media allows people to interact with and share useful information, which can then increase its dynamic spread. Users can generate and share misinformation, however, which can lead to negative real-world outcomes. The optimal approach to addressing any misinformation in real-world environments is not well understood. The authors are conducting a randomized controlled trial on a social media platform in Pakistan to test approaches to addressing misconceptions that have been long-recognized in academic settings. Specifically, should potentially harmful misinformation be suppressed, or should it be directly addressed and contested? These two ex-ante moderation approaches will also be tested against a control that relies on the ex-post moderation, which is typical of most social media platforms.

In their study "Pandemics, Protests and Firearms" (available at <https://economics.ucr.edu/repec/ucr/wpaper/202008.pdf>), Associate Professors **Bree Lang** and **Matthew Lang** compare the recent spike in firearm background checks to previous surges stemming from mass shootings and elections. The increase in firearm background checks in March and June, 2020, were 40 percent higher than expected, significantly more than prior surges. Put differently, between March and August, there were 7.2 million more firearm background checks completed relative to expectations. Another notable finding is that the recent surge in firearm background checks is non-partisan. The increase in firearm background checks in Republican-leaning states was not significantly different from Democrat-leaning states. Associate Professor Matthew Lang discussed these findings on Maine Public Radio (<https://www.mainepublic.org/post/surge-gun-ownership-understanding-rise-gun-sales-maine-and-nationwide-during-pandemic>).



In their paper "Skill Loss during Unemployment and the Scarring Effects of the Covid-19 Pandemic" (available at <https://economics.ucr.edu/repec/ucr/wpaper/202020.pdf>), Associate Professor **Victor Ortego-Marti** (with Paul Jackson) integrate the SIR epidemiology model into a search and matching framework of the labor market in which workers lose human capital during unemployment. As the number of infections rises during a pandemic, fewer jobs are created, the unemployment rate increases and the composition of skills among the unemployed deteriorates, thereby reducing TFP, a measure of productivity in the economy. The authors calibrate the model to quantify the effect of a three month lockdown on TFP through loss of skill during unemployment. Sixty-two weeks after the pandemic begins, TFP reaches its lowest value with a decline of 0.56%, which is nearly 50% of the productivity losses typically seen in recessions.



Covid-19 has had unprecedented effects on the health and safety of people all over the world, which implies the urgency and importance of an accurate prediction. In their paper, "Predicting COVID-19 using Nonlinear Modal Regression", Distinguished Professor **Aman Ullah** (with Tao Wang and Weixin Yao) propose a new nonlinear dynamic modal model to fit the daily US data across states on deaths and infection cases, and provide predictions up to 130 days ahead. The proposed modal model is particularly useful to handle the noisy, skewed, extreme, and/or truncated data. The prediction results indicate that there are systematic differences in spreading distributions among states; some states have handled the initial outbreak well, while others are still in the first wave of outbreak. In particular, for the next 130 days, California, Florida, Texas, and Georgia are the worst affected states, and most western and eastern states have more serious Covid-19 burdens compared to the Midwest. This paper is part of a larger project by Distinguished Professor Aman Ullah (with Weixin Yao) on "Modal Regression for Analyzing the Prevalence of COVID-19", where they propose a new set of robust parametric and semi-parametric conditional modal regression models to investigate what and how several factors, including social distancing, affect the Covid-19 prevalence across countries.



## Department News

### Undergraduate Economics Major Achievements

**Adrian Garcia Mosqueira** received his B.A. in Economics and History from UCR in 2007. Before completing his Ph.D. at Harvard this past year, he worked for the AEA Summer Program and received an M.A. from Duke.

**Precious Fasakin** participated in the AEA Summer Program 2020 and received the American Economics Association Sadie T.M. Alexander Valedictorian Award: Advanced Track (Summer 2020). She was also the recipient of a UCR Chancellor's Research Fellowship (2020) for a faculty-mentored research project on "Low-Power to the People: Non-Commercial and Community Radio and Socioeconomic Development in West Africa."

**Yuxing Li** received a scholarship from the CHASS Glen E. Josephson Endowed Student Award Fund.

### Alumni Achievements

Congratulations to our former graduate student **Shatakshee Dhongde**, Associate Professor of Economics at the Georgia Institute of Technology, who has been elected to the council of the International Association of Research in Income and Wealth (IARIW). The IARIW is one of the oldest and highly reputed associations in the field and publishes the *Review of Income and Wealth*.

### Graduate Student Honors

**Chia-Lo Chen**  
Dissertation Year Fellowship Award

**Ekaterina Seregina**  
Dissertation Year Fellowship Award

**Xiaolu Zhu**  
Dissertation Year Fellowship Award

**Kai Chen**  
Outstanding TA Award

**Opinder Kaur**  
Outstanding TA Award

**Ali Mehrabani**  
Outstanding TA Award

### Department News

Associate Professors of Teaching **Bree Lang** and **Matthew Lang** will be joining the Academy of Distinguished Teaching for 2020-2021.

Professor Emeritus **David Fairris** gave the UCR Dickson lecture on the "Moral foundations of the minimum wage and implications for public policy."

Assistant Professor **Carolyn Sloane's** NBER research paper on pre-market human capital specialization and the college gender gap was covered in the Wall Street Journal and CNBC (<https://economics.ucr.edu/news/>).

Assistant Professor **Sarojini Hirshleifer** received a 75K grant from the Center for Effective Global Action (CEGA) at UC Berkeley for her project "Do financial incentives change beliefs? A health utilization field experiment in Uganda."

The Economics Department received a grant to modernize a shared computing lab for our undergrad students. It will serve around 900 econ majors per year in statistics and econometrics classes.

Distinguished Professor **Aman Ullah** was named Fellow of the *Econometrics Review* and Distinguished Fellow of the Institute of Advanced Economic Research in China. He was also co-editor for the book *Advances in Info-Metrics: Information and Information Processing Across Disciplines*, 2020 (Oxford: Oxford University Press).

Professor **Marcelle Chauvet** has been elected a Senior Fellow by the [Rimini Centre of Economic Analysis \(RCEA\)](#), and has been named its headquarter's Director. She will also organize and chair a session at the AEA/ASSA Winter Meetings 2021 on Covid-19 related research.

Congratulations to Associate Professor of Teaching **Joab Corey** and Associate Professor **Victor Ortego-Marti** on their tenures, and Professor **Steven Helfand** on his promotion.

### 2020 Ph.D. Student Placements

**Deepshikha Batheja**  
Post-Doctoral Fellow, Center for Disease Dynamics Economics & Policy, New Delhi

**Seolah Kim**  
Assistant Professor, Albion College

**Shahznaz Parsaeian**  
Assistant Professor, University of Kansas

**Matthew Taylor**  
Lecturer, CSU East Bay

**Yoon Jae Ro**  
Research Fellow, Korean Institute for International Economic Policy (KIEP)

**Ran Wang**  
Economist, Amazon

**Peng Zhao**  
Assistant Professor, Hunan University

## Professor Emeritus Mason Gaffney

It is with a heavy heart that we share the sad news that Professor Emeritus **Mason Gaffney** passed away in July, 2020, at the age of 96. Professor Gaffney was a member of the UCR Department of Economics from 1976 to 2012. His thinking and research were greatly influenced by the 19<sup>th</sup> century economist Henry George, and he was a leading expert on land and taxation. Among his many publications, he was the author or co-author of the books *New Life in Old Cities: Georgist Policies and Population Growth* (2007), *Beyond Brexit: The Blueprint* (2016), and the essay collections *After the Crash: Designing a Depression-Free Economy* (2009) and *The Mason Gaffney Reader: Essays on Solving the Unsolvable* (2013). Additional information about his life and work can be found at

<https://masongaffney.org/index.html> and in this obituary published in the New York Times

<https://www.nytimes.com/2020/07/26/business/economy/mason-gaffney-dead.html>.

## Gloria Gonzalez-Rivera Appointed Associate Dean

We are delighted to announce that Professor Gloria Gonzalez-Rivera has been appointed Associate Dean for the College of Humanities, Arts, and Social Sciences (CHASS). Congratulations Gloria!

## Welcome, Ugo Troiano

Dr. Ugo Troiano joined the Department as an Associate Professor in July, 2020. He was previously at the University of Michigan. His research lies at the intersection of political economy and public economics, with a focus on the study of public policies.

### Department Contact Information

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