

2009-10 ANNUAL REPORT

CHICAGO BOOTH 

Becker Center

on Chicago Price Theory

Founded by Richard O. Ryan, MBA '66

 | THE UNIVERSITY OF
CHICAGO

The Becker Center on Chicago Price Theory

Founded by Richard O. Ryan, MBA '66

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A distinguished board of directors provides guidance to the Becker Center on Chicago Price Theory by participating in a biannual board meeting.

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George Shultz, former dean, Chicago Booth, and Jack Steele Parker Professor of International Economics Emeritus, Stanford Graduate School of Business

Sunil Kumar, Professor of Operations, Information, and Technology

We also acknowledge the contributions of the late Milton Friedman, Paul Snowden Russell Distinguished Service Professor Emeritus in Economics.

The Becker Center on Chicago Price Theory, founded by Richard O. Ryan, MBA '66, operates as a university-wide center that is administered and stewarded by the University of Chicago Booth School of Business and is located at Chicago Booth's Charles M. Harper Center. The goal behind the creation of the Becker Center was to sustain and strengthen the University of Chicago's leading role in price theory research—economic research that combines theory and data to analyze the fundamental role of markets and incentives in explaining virtually all aspects of modern life.

In fall 2004, the Becker Center was established as the Initiative on Chicago Price Theory with the help of professors Gary Becker, Kevin Murphy, and Steve Levitt. In April 2006, the Becker Center hosted its first event, the Initiative on Chicago Price Theory Conference. During the conference, with the backing of a generous donation from Richard O. Ryan, '66, the research center was renamed in honor of Nobel laureate Gary Becker.

In pursuing its goals, the Becker Center maintains a variety of programs aimed at attracting more of the world's leading economists to the University of Chicago, training a new generation of scholars in price theory, developing courses and materials that will expose students to price theory, and hosting events that publicize price theory economists and research.

Welcome to the Becker Center Annual Report.

The Becker Center successfully completed another productive year in 2009–10. We continued to host the Becker Brown Bag Series of economic lectures, the Price Theory Scholars Program, and the Price Theory Summer Camp. The Research Professional Program had nine participants again, complimented by two research assistants and two members of UC Experiments—one research professional, and our associate director of UC Experiments, David Herberich. Our internship program expanded to six interns, and our Chicago Heights Miracle program paved the way for the Griffin Early Childhood Center.

The changes mentioned above, along with our faculty, staff, participants, and programs in 2009–10, are discussed further in the following pages. Each year we publish an annual report to help inform friends of the center on our accomplishments over the year. The breadth of the research and programs here at the Becker Center is testament of the power of Chicago Price Theory.

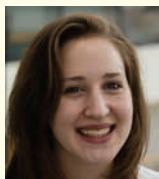
The Becker Center is committed to sustaining and strengthening the University of Chicago's leading role in price theory research—economic research that combines theory and data in analyzing the fundamental role of markets and incentives in explaining virtually all aspects of modern life. The center pursues this mission through four main objectives:

- Attract the world's leading economic scholars to the University of Chicago
- Train the next generation of scholars in Chicago Price Theory
- Publicize price theory economists and research through events and publications
- Pursue and support research in the Chicago Price Theory tradition

Welcome



Steve Levitt
William B. Ogden
Distinguished
Service Professor
of Economics and
Director of the
Becker Center



Tova Levin
Assistant Director
of the Becker Center

Chicago Price Theory holds the idea that economic tools provide a powerful analysis that can explain what is going on in the world; the range of topics is diverse and virtually limitless. This year the Becker Center faculty covered such topics as the effects of the media on political outcomes, influences on school enrollment in South Asia, productivity impacts of environmental regulation, empirical evidence of game theory, and effects of incentives on school outcomes.

Our founding faculty at the Becker Center include Nobel laureate Gary Becker, 2005 MacArthur “genius grant” recipient Kevin Murphy, and Freakonomics and SuperFreakonomics coauthor Steven Levitt. Other current faculty include professor John List from the Department of Economics and the College and professors Matthew Gentzkow, Emily Oster, Jesse Shapiro, and Chad Syverson from the University of Chicago Booth School of Business.

Our accomplishments could not have occurred without the generosity of our supporters. In addition to the extremely generous support provided by Richard O. Ryan, '66, as founder of the Becker Center, we are grateful to many others who have provided support. The Becker Center wishes to acknowledge Ralph Gidwitz, '74 (XP-34); Betsy Gidwitz; Ira Goldberg, '91; Kenneth C. Griffin; Mark Hudoff, '92; Richard Kayne; Benjamin Klein; Michael D. Lockhart, '75; the Milken Family Foundation; the James B. McWethy Family Foundation; Michael Moore; Quellos Group LLC; Alvaro Saieh; Sherman Shapiro; the Searle Freedom Trust; Todd Warnock, '88; Vishal Verma, '07 (XP-76); former Chicago Booth dean, Edward Snyder; the Provost's office; the University of Chicago Social Sciences Division; and the University of Chicago Booth School of Business.

Sincerely,

A handwritten signature in black ink that reads "St Levitt".

Steven Levitt
William B. Ogden Distinguished Service
Professor of Economics and Director
of the Becker Center

A handwritten signature in black ink that reads "Tova Levin".

Tova Levin
Assistant Director
of the Becker Center

Faculty & Research

Faculty



Gary Becker
University Professor
Department of
Economics

Department of
Sociology

University of
Chicago Booth
School of Business

During the past year Becker has been collaborating with Kevin Murphy and William Hubbard on the worldwide boom in higher education, especially the education of women. They document the boom and explain it with the globally higher returns to education. The net returns from a higher education are especially high for women primarily because on average they perform better as students.

Becker also is studying the causes of the remarkably low birth rates found in countries with almost half the world's population. Becker believes the boom in education is an important factor in generating these low birth rates, particularly the boom in the education for young women. In May 2010, Becker, William Hubbard, and Kevin Murphy published "The Market for College Graduates and the Worldwide Boom in Higher Education of Women" in the *American Economic Review*. A fuller version of the paper will appear in the *Journal of Human Capital*.

Becker continues to write and lecture on different public policy issues. The June 2010, *Economist* devoted a page to his proposal—presented in a lecture to the Institute of Economic Affairs in London—to replace the current immigration system with one that charges a fixed price for the right to immigrate.

Becker also publishes weekly a discussion of a subject of policy interest in the Becker-Posner Blog.

Publications

- "Uncommon Sense" with Richard A. Posner, University of Chicago Press, 2009
- "The Market for College Graduates and the Worldwide Boom in Higher Education of Women," with William H. J. Hubbard and Kevin M. Murphy, *American Economic Review: Papers and Proceedings*, May 2010.

Faculty



Matthew Gentzkow
Neubauer Family
Faculty Fellow

Professor of
Economics

University of
Chicago Booth
School of Business

Gentzkow studies industrial organization and political economy with a particular focus on media industries. Recent research topics include the influence of the Internet on newspaper markets, effects of media on political outcomes, the measurement and determinants of political slant in the news, the determinants of brand preferences, and the effects of television on children. He frequently collaborates with professor Jesse Shapiro.

Publications

- "What Drives Media Slant? Evidence from U.S. Daily Newspapers," with Jesse M. Shapiro, *Econometrica*, January 2010, 78 (1).
- "Persuasion: Empirical Evidence," with Stefano DellaVigna, *Annual Review of Economics*, Vol. 2, forthcoming.
- "The Effect of Newspaper Entry and Exit on Electoral Politics," with Jesse M. Shapiro and Michael Sinkinson.
- "Ideological Segregation Online and Offline," with Jesse M. Shapiro.

Faculty



Steven Levitt
William B. Ogden
Distinguished
Service Professor
Department of
Economics

University of
Chicago

Director of the
Becker Center

Levitt's research continues to cover a broad range of topics, from testing the effects of a pre-school environment on a person's life outcomes to keeping high school students in school and off the streets to empirical tests of game theory. Along with professors John List and Roland Fryer, Levitt will open a pre-school program in August 2010 (see page 26) in order to experimentally test the effects a safe environment in one's early life has on choices later on, including but not limited to the pursuit of a post-secondary education. Additionally, he continues to empirically test game theory through results of the game Rock, Paper, Scissors as well as data from various golf tournaments.

Publications

- "An Empirical Analysis of the Gender Gap in Mathematics," with Roland G. Fryer, NBER Working Paper No. w15430, October 2009.
- "Can Field Experiments Return Agricultural Economics to the Glory Days?" with David H. Herberich and John A. List, *American Journal for Agricultural Economics*, 2009, 9(5), 1259–1265.
- "Professionals Do Not Play Minimax: Evidence from Major League Baseball and the National Football League," with Kenneth Kovash, NBER Working Paper No. 15347, September 2009.
- "Was There Really a Hawthorne Effect at the Hawthorne Plant? An Analysis of the Original Illumination Experiments," with John A. List, NBER Working Paper No. w15016, May 2009.
- "What Happens in the Field Stays in the Field: Exploring Whether Professionals Play Minimax in Laboratory Experiments," with John A. List and David Reiley, NBER Working Paper Series, w15609, 2009.
- "Checkmate: Exploring Backward Induction Among Chess Players," with John A. List and Sally Sadoff, NBER Working Paper Series, 215610, 2009.

Faculty



John List
Professor of
Economics

University of
Chicago

This past year, List has been running field experiments that engage economic theory and important policy questions. In particular, List has used experimentation to pursue research on the economics of education, charitable giving, voting behavior, environmental technology adoption, and incentives in the workplace. Also, List has been active in continuing research aimed directly at "established" results on such topics as altruism during the Ultimatum game. See page 26 for more information on the Chicago Heights Miracle project and the Griffin Early Childhood Center.

List continues to develop new methods of field experimentation. One important new technique has been an interest in door-to-door experimentation. By approaching households at their doorstep, List's experimental team has researched the decision to donate to charities, the decision to adopt new technologies, and the decision to vote. List uses both his lab and field experiments to test which economic theories hold empirically, and he tries to explain the theories might not hold up to empirical research.

Publications

- "Checkmate: Exploring Backward Induction Among Chess Player," with Steven D. Levitt, and Sally Sadoff, *American Economic Review*, (2010), forthcoming.
- "So you want to run an experiment, now what? Some Simple Rules of Thumb for Optimal Experimental Design," with Sally Sadoff, and Mathis Wagner, *Experimental Economics*, (2010), forthcoming.
- "Is a Donor in Hand Better than Two in the Bush? Evidence from a Natural Field Experiment.," with Craig Landry, Andreas Lange, Michael K. Price, and Nicholas G. Rupp, *American Economic Review*, (2010), forthcoming.
- "What Happens in the Field Stays in the Field: Professionals Do Not Play Minimax in Laboratory Experiments," with Steven D. Levitt, and David Reiley, *Econometrica*, (2010), forthcoming.
- "Investment under Uncertainty: Testing the Options Model with Professional Traders," with Michael Haigh, *Review of Economics and Statistics*, (2010), forthcoming.
- "Are CEOs Expected Utility Maximizers?" with Charles F. Mason, *Journal of Econometrics*, (2010), forthcoming.

Faculty



Kevin Murphy
George J. Stigler
Distinguished
Service Professor
of Economics

University of
Chicago Booth
School of Business

Murphy's research focuses on the effects of inequality, unemployment, and relative wages in the labor market; the effects of human capital on growth and development; and the economic value of health and longevity.

Murphy worked with professor Gary Becker to examine the effects of education in the household compared to the marketplace. Their research found that education increases productivity in the household as well as in the marketplace. Therefore, the total return to education includes greater household productivity as well as greater earnings.

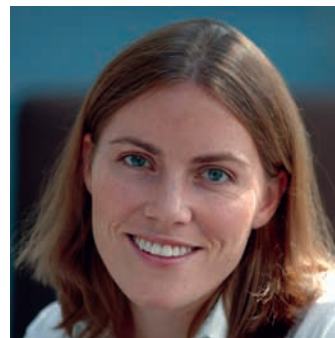
Murphy also worked with Curtis Simon and Robert Tamura to examine the effects of changes in fertility on economic growth and human capital, using the Baby Boom in the United States as the period of study.

In 2007, Murphy and fellow Chicago Booth faculty member, Robert Topel, won the Kenneth J. Arrow Award for the best research paper in health economics for "The Value of Health and Longevity," published in the *Journal of Political Economy*, vol. 114, no. 2 (2006).

Publications

- "Education and Consumption: The Effects of Education in the Household Compared to the Marketplace," with Gary Becker, *Journal of Human Capital*, 2009, 1(1).
- "Social Value and the Speed of Innovation," with Robert Topel, *American Economic Review*, May 2007
- "The Value of Life Near Its End and Terminal Care," with Gary Becker and Tomas Philipson, National Bureau of Economic Research, August 2007.
- "Fertility Decline, Baby Boom and Economic Growth," with Curtis Simon and Robert Tamura, *Journal of Human Capital*, 2008, 2(1), 267–302.
- "Why Does Human Capital Need a Journal?" with Isaac Ehrlich, *Journal of Human Capital*, 2007, 1(1).

Faculty



Emily Oster
Assistant Professor
of Economics

University of
Chicago Booth
School of Business

Oster's current research focuses in two areas. The first is on promoting education in the developing world, South Asia in particular. She is currently working on a project with Bryce Millett, analyzing whether better job opportunities increase school enrollment in India, and has recently finished a project with Rebecca Thornton on the impact of menstruation on girls' school enrollment in Nepal. Her second area of research is on human capital and health investments among individuals who face a limited lifespan due to serious genetic risks. She has recently completed a paper in this area on adverse selection in insurance purchases.

Publications

- "Do Call Centers Promote School Enrollment? Evidence from India," with Bryce Millett, draft.
- "Determinants of Technology Adoption: Private and Peer Effects in Menstrual Cup Take-Up," with Rebecca Thornton, NBER Working Paper No. 14828, November 2009.
- "Genetic Adverse Selection: Evidence from Long-Term Care Insurance and Huntington Disease," with Ray Dorsey et al, *Journal of Public Economics*, forthcoming.
- "Menstruation, Sanitary Products and School Attendance: Evidence from a Randomized Evaluation," with Rebecca Thornton, *American Economic Journal: Applied Economics*, forthcoming.
- "The Power of TV: Cable Television and Women's Status in India," with Robert Jensen, *Quarterly Journal of Economics*, August 2009.

Faculty



Jesse Shapiro
Assistant Professor
of Economics

Robert King Steel
Faculty Fellow

University of
Chicago Booth
School of Business

Shapiro studies industrial organization and political economy, with a particular focus on the economics of the news media. In 2009–10, in collaboration with professor Matthew Gentzkow, he used both modern and historical data to study the economic incentives that shape the diversity of news diets.

Publications

- “Can Higher Prices Stimulate Product Use? Evidence from a Field Experiment in Zambia,” with Nava Ashraf and James Berry, *American Economic Review*, forthcoming.
- “What Drives Media Slant? Evidence from U.S. Newspapers,” with Matthew Gentzkow, *Econometrica*, January 2010.
- “Thin-Slice Forecasts of Gubernatorial Elections,” with Daniel Benjamin, *Review of Economics and Statistics*, August 2009.

Faculty



Chad Syverson
Professor of
Economics

University of
Chicago Booth
School of Business

Syverson’s recent work includes investigating why young businesses start small and take a long time to grow. He has measured the effect of automakers’ financial distress on the value of their products, documenting and modeling the buyer-supplier network of the U.S. economy, and measured the impact of environmental regulation on productivity.

Publications

- “What Determines Productivity?” *Journal of Economic Literature*, forthcoming.
- “Technological Change and the Growing Inequality in Managerial Compensation,” with Hanno Lustig and Stijn Van Nieuwerburgh, *Journal of Financial Economics*, forthcoming.
- “E-commerce and the Market Structure of Retail Industries,” with Maris Goldmanis, Ali Hortaçsu, and Onsel Emre, *Economic Journal*, June 2010.



Peter Leeson

Leeson's current research examines how historic legal systems used superstition to improve their outcomes. In one recent paper he considers medieval judicial ordeals whereby God supposedly revealed the guilt or innocence of accused criminals through trials of fire and water. Leeson argues that by leveraging citizens' religious beliefs, such trials in fact accurately determined defendants' criminal status. In another recent paper he explores "trial by battle," which England's legal system used to decide property disputes after the Norman Conquest. He argues that these literal fights for property rights permitted English society to allocate contested land efficiently in an environment in which ordinary trade could not do so. Currently, Leeson is examining how Gypsies use "magical thinking" to create law and order in their societies.

In addition to his work on legal systems, Leeson also has recently studied the institutions that 18th-century sailors used to facilitate mutiny aboard their ships; how criminals use constitutions to facilitate cooperation in their organizations; and the tremendous prosperity that the world's embrace of freer markets over the past 25 years has created. These papers have recently been published in the *Journal of Economic Behavior and Organization*, *Global Crime*, and *Society*.

Publications

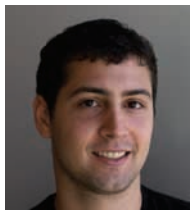
- "Pirates," *Review of Austrian Economics*, forthcoming.
- "Rationality, Pirates, and the Law: A Retrospective," *American University Law Review*, forthcoming.
- "Two Cheers for Capitalism?" *Society*, 2010, 47(3), 227-233.
- "Opportunism and Organization Under the Black Flag," *Organizational Dynamics*, forthcoming.
- "Criminal Constitutions," with D. Skarbek, *Global Crime*, 2010, 11(3), 279-298.
- "Takings," with P. Boettke and C. Coyne, *Georgetown Journal of Law and Public Policy*, forthcoming.
- "The Unimportance of Spending: How Fractionalization Affects School Performance," with J. Hall, *International Advances in Economic Research*, 2010 16(1), 130-131.
- "Rational Choice, Round Robin, and Rebellion: An Institutional Solution to the Problems of Revolution," *Journal of Economic Behavior and Organization*, 2010 73(3), 297-307.

Research Professionals and Assistants

Research Professionals and Assistants

In 2004, the Becker Center created the Research Professional Program with the goal of training a new generation of scholars at the forefront of research using the tools of Chicago Price Theory. The center gives research professionals the opportunity to learn the most innovative techniques and methods of the economics sciences by working on the research projects of center faculty and Becker Fellows. The Research Professional Program acts as an intermediary between undergraduate and graduate studies, providing the participants with more research experience that will aid them with their own graduate work. During the program they are able to participate in Becker Center activities, take the Becker/Murphy Price Theory course, and participate in the University of Chicago economics community.

Research assistants share many of the same responsibilities and benefits as research professionals. The position differs from a research professional in that the faculty usually hire research assistants for particular projects rather than to assist in their work more generally.



Dana Chandler
Research Professional

Chandler's current work focuses on the determinants of crime; industrial organization

in isolated, small-scale markets; and experimentation in firms. He received a bachelor's degree in economics from the University of Chicago in 2006. While an undergraduate, he worked for two years as a research assistant to professor Steven Levitt.

Before coming to the Becker Center, Chandler worked at a private equity fund, Aureos Capital, in their Colombian office. He also was a consultant for two years in the Chicago office of the Boston Consulting Group.



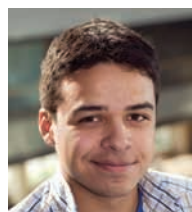
Patrick DeJarnette
Research Professional

DeJarnette's current research focuses on the political economy of U.S. daily news-

papers from 1869 to 2004. Additionally he is studying the aggregation of online news media consumption and measuring the political bias of online news media.

DeJarnette received a bachelor's degree in economics with honors and a bachelor's degree in mathematics from the University of Chicago in 2008. His senior thesis investigated the theoretical implications of altruism under imperfect information.

Prior to joining the Becker Center, DeJarnette worked as a research assistant to professor James Heckman. He also spent time programming for the One Laptop Per Child Foundation.



Felipe Diaz-Arango
Research Assistant

Diaz-Arango's current research focuses on analyzing the frequency of phrases used

by members of the United States congress in order to correlate manner of speaking and political ideology.

Research Professionals and Assistants

He received a bachelor's degree in political science from the University of Chicago in 2009 focusing his thesis on guerrilla warfare in Colombia.



Sean Garborg
Research Professional

Garborg's current work focuses on randomized experiments in business, urban

economics, the Klu Klux Klan, and identifying strategies for improving child education.

He received a bachelor's degrees in mathematics, economics, and statistics from the University of Chicago.



M. Bryce Millett
Research Professional

Millett's current research focuses on globalization and returns to schooling in the

developing world. Additionally she is involved in a project on genetic testing for Huntington Disease and its effects on economic decisions.

Millett received a bachelor's degree in economics with honors from Brown University in 2009. Her senior thesis examined the connections between fortification of milk with Vitamin D and the racial health gap in the United States.



Iolanda Palmieri
Research Professional

Palmieri works on projects focused on the determinants of U.S. crime rates at the

city level, trends in U.S. charitable donations, and the characteristics and behavioral patterns of mixed-race children compared to their single-race counterparts.

Palmieri received a bachelor's degree and a master's degree in economics at Bocconi University, Milan (Italy), where she wrote a thesis on migration, remittances, and how to use microfinance institutions to channel these flows to foster economic development. Before joining the Becker Center she worked as an intern at IBM and as a consultant for a major Italian bank. Palmieri continued as a Becker Center research professional in 2009-10.



Nathan Michael Petek
Research Professional

Petek's current work at the Becker Center focuses on the effect

of media on political participation and testing theories about media bias on the internet.

He received a bachelor's degree in economics and psychology from Carlton College in 2004. Prior to his work at the Becker Center, Petek was a consultant at the economic consulting firm LECCG.

Research Professionals and Assistants



Yana Peysakhovich
Research Professional

Peysakhovich's research focuses on the economics of charitable giving. She

also uses field experiments to understand the impact of various compensation schemes on employee performance across quality and quantity of outputs and shirking.

Peysakhovich received a bachelor's degree in mathematics and in economics with honors from the University of Chicago in 2009. Her senior thesis investigated the relationship between faculty compensation and university endowments. She will enter graduate school at Northwestern University to continue her studies of economics in the fall of 2010.

Before working at the Becker Center, Peysakhovich worked as a research assistant for professor John List in the economics department on field experiments in the area of charitable giving.



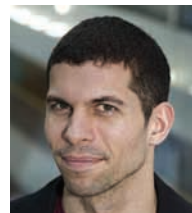
Jeff Picel
Research Professional

Picel's current work at the Becker Center focuses on the increasing worldwide gender

gap in college completion favoring women and the connection between women's education and fertility. Additionally he studies the use of auctions as a means of predicting box office revenues, experiments with k-level thinking models, and optimal prestige strategies for charities.

Picel received a bachelor's degree in economics and in mathematics, both with honors from the University of Chicago in 2009. His senior thesis found a solution for the optimal binning structure with which charities report their donations.

Prior to joining the Becker Center, Picel worked for two years as a research assistant to professors Steven Levitt and John List. He also worked as a math tutor for local high school students.



Mike Thomas
Research Professional

Thomas's current work at the Becker Center focuses on the acquisition of brand preferences and its effect on market structure.

He received a bachelor's degree in chemical-biochemical engineering from UC Davis and a master's degree in economics from the London School of Economics. Prior to his work at the Becker Center, Thomas researched commuting patterns in the United Kingdom and was an engineer for a Silicon Valley start-up.

Programs

UC Experiments

In fall 2007, the Becker Center established UC Experiments as a research group dedicated to conducting economic experiments. Experimentation in economics reemerged with Vernon Smith's seminal work in 1962 and has been shaped in the field with professor John List's work in the past decade. Recent advances in economic experimentation has placed the methodology at the forefront of economic research, but this comes with the cost of time and capital intensive endeavors as well as a necessary knowledge base acquired through experience. Therefore, faculty at the Becker Center felt it was necessary to have a dedicated group of researchers to effectively conduct experiments and advance the areas of experimentation.

David Herberich

Associate Director

Herberich works with professors John List and Steven Levitt, conducting experiments with UC Experiments at the Becker Center. His personal research includes evaluating different approaches to motivate technology adoption—specifically environmental and energy-efficient products, using quasi-experimental approaches to investigate the influence of such policies as the 1990 Clean Air Act Amendment concerning the environment and natural resources, and understanding preferences towards carbon market participation.

Herberich graduated from Tufts University with a bachelor's degree in quantitative economics and holds a master's and a PhD degree from the University of Maryland's department of agricultural and resource economics.

Alec Brandon

Research Professional

Brandon's current work includes field experiments on the importance of social pressure on voting behavior, the interaction between psychology and economics in green technology adoption, and the impact of financial and non-financial incentives on educational outcomes with low-achievement students.

Brandon received a bachelor's degree in economics with honors from the University of Chicago in 2008. His thesis, supervised by professor John List, focused on the robustness of ambiguity aversion with experienced subjects and in repeated games.

Brandon previously worked for the economics consulting firm Cornerstone Research. In college he worked as a research assistant for professor Robert Fogel at the Center for Population Economics at the University of Chicago and for professor Henry Hansmann at Yale Law School.

Dana Ganter

Research Assistant

Ganter's current work focuses on determining the difference in competitiveness between men and women. Additionally, she assisted in the design and implementation of a college-level introductory economics class taught via Skype to 20 gifted eighth graders in Chicago Heights, and is preparing for a new group of students to participate in the fall of 2010.

Ganter received a bachelor's degree from the University of Wisconsin at Stevens Point in 2009 and majored in economics and mathematics. In May of her senior year, she received the first John List Fellowship Award.

Price Theory Scholars Program

The Becker Center established the Price Theory Scholars Program in 2006 with the support of the Searle Freedom Trust in order to give promising economics PhD students the opportunity to study price theory at the University of Chicago. Motivation for the program came from professor Jesse Shapiro. As a graduate student at Harvard University, Shapiro visited the University of Chicago multiple times under the advice of Ed Glaeser, a faculty member at Harvard who received his PhD from Chicago. While at Chicago, Shapiro worked on his research with professors Gary Becker, Kevin Murphy, and Steven Levitt in addition to taking the Becker/Murphy Price Theory course. Realizing that Chicago offered a unique perspective on economics, Shapiro encouraged the center to expose Chicago Price Theory to students from other institutions. The center's faculty decided to implement the Price Theory Scholars program to extend its resources toward students at other institutions so that they too can be introduced to Chicago Price Theory.

This program is primarily for economics PhD students who are in their third or fourth year of study. Candidates are nominated for the Price Theory Scholars Program by those under whom they have studied.

2009–10 Participants

Tatyana Deryugina

Deryugina is a PhD student at MIT. Her areas of interest are environmental, behavioral, and health economics. Deryugina is currently working on estimating the short- and long-run economic effects of natural disasters and the impact of federal disaster aid. In addition, she has looked at the effects of weather fluctuations on beliefs about global warming and the politics of global warming beliefs.

Deryugina received bachelor's degrees in applied economics and environmental economics and policy from UC Berkeley in 2006.

Mitchell Hoffman

Hoffman is a graduate student at UC Berkeley. He conducts research in applied microeconomics. Recent research interests include information markets, credit markets, and firm personnel policy. He is interested in a variety of research methods including natural experiments, lab experiments, and structural modeling.

Michael Peters

Michael Peters is a fourth-year graduate student in economics at MIT. His main research interests are economic growth and development. A common theme in his research agenda is the determinants of firms' technology choices. Currently he is focusing on the effects of resource misallocation on technology diffusion and cross-country income differences. In addition, he has studied the long-run effects of unskilled migration on firms' adoption decisions by using the aftermath of World War II as a natural experiment and the productivity costs of contractual incompleteness via the war's role in limiting the international division of labor.

Peters received a master's degree in economics from the University of Mannheim and spent a year in the economics PhD program at UC Berkeley.

Price Theory Summer Camp

The Becker Center holds the Price Theory Summer Camp annually for PhD candidates from other universities to teach them Chicago Price Theory. The idea for Summer Camp came as an extension of the faculty's desire to invite students from other universities to campus to study Chicago Price Theory.

At the camp, professors Gary Becker, Kevin Murphy, and Steven Levitt lecture each day, totaling an intensive 4.5 hours of economic lectures daily. At the end of the day, students have time to work on their project, either a presentation or a problem set. Their projects include approaching open-ended theoretical and empirical problems, such as the death penalty and the gas tax, and applying a price theory analysis to the situation to propose a solution. At the end of each day, the center and the participants enjoy some of Chicago's best tourist attractions.

Forty-five applications were received for the 28 spots available for the 2009–10 Price Theory Summer Camp, which took place June 20–24.

2010 Price Theory Summer Camp

Participants

Kehinde Ajayi, University of California, Berkeley

Monica Deza, University of California, Berkeley

Alexander Fink, George Mason University

Willa Friedman, University of California, Berkeley

Michael Geruso, Princeton University

Snaebjorn Gunnsteinsson, Yale University

Rong Hai, University of Pennsylvania

John J. Horton, Harvard University

Kevin Hutchinson, University of Wisconsin, Madison

Andrew Iannaccone, University of California, Los Angeles

Maciej Kotowski, University of California, Berkeley

Brad Larsen, Massachusetts Institute of Technology

Yan Lau, Princeton University

Guannan Luo, Northwestern University

Hiroaki Matsuura, Harvard University

David Molitor, Massachusetts Institute of Technology

Christopher Palmer, Massachusetts Institute of Technology

Petra Persson, Columbia University

Jillian Popadak, University of Pennsylvania, Wharton School

Dana Rotz, Harvard University

Juan Carlos Suarez Serrato, University of California, Berkeley

Edson R. Severnini, University of California, Berkeley

Oleksiy Shvets, University of California, Berkeley

Luke Stein, Stanford University

Ian Tomb, Harvard University

Reed Walker, Columbia University

David Yang, Harvard University

Meixia Zhang, Princeton University



Becker Brown Bag Series

The Becker Center Brown Bag Series serves to introduce those within the Chicago Booth community to Chicago Price Theory. The series is directed toward MBA students, but faculty and staff are welcome to and do participate. Prominent economists, primarily Chicago Booth faculty with an occasional professor from the economics department, present cutting-edge research at these “brown-bag” lunches. Each talk highlights the practical use of economics for answering real-world questions pertinent to business and policy makers.

To learn more about each talk, please visit pricetheory.uchicago.edu.

Events

October 14, 2009, **John Cochrane** “Market-Based Health Insurance Reform”

By looking at the economics of our health insurance problems, professor John Cochrane outlined how a deregulation approach can work. He also discussed how providing a second market of insurance against increases in premiums of health insurance can effectively address the critical problem of pre-existing conditions preventing people from getting health insurance.

November 11, 2009, **Amir Sufi** “Household Leverage and the Recession of 2007 to 2009”

In 2007, the U.S. household debt to GDP ratio reached its highest level since the onset of the Great Depression. Professor Sufi discussed the role of historically high U.S. household debt in instigating and exacerbating the current economic downturn.

February 10, 2010, **Steven Levitt** “Running Experiments in Firms”

Levitt discussed the idea of running experiments in firms. A firm that correctly understands how incentives affect both customer and employee actions can significantly increase both its efficiency and profits. In order to actually understand what goes on within a firm, Levitt suggested running price and labor experiments, because only with the control of an experiment can a firm be sure that it truly understands the mechanisms at work.

April 14, 2010, **Robert Topel** “The Economics of Energy and Climate Policy”

Topel used the tools of Price Theory to inform the debate on energy and climate policy. He showed that when analyzing the costs of climate change, the chosen assumptions have a large impact on expectations and greatly change the optimal choice for climate policy. Further, he shows that choosing the right policy is more important than implementing the policy sooner.



Internship Program

The Becker Center established its internship program in order to provide students whose institutions have limited research opportunities the ability to experience research firsthand so that they can better decide if they want to pursue a career in research. During their stay, the interns assist the faculty with their research and attend the Price Theory Summer Camp seminars.

2009–10 Summer Interns

Seph Mard, University of Central Florida,
Economics

Anshuman Didwania, Purdue, Industrial
Engineering

Phuong Ta, Mount Holyoke College,
Economics and Psychology

Joseph Seidel, Beloit College, Economics
and Management

Sandy Ghai, Harvard University,
Applied Math

Zachary Timpe, Western Kentucky
University, Applied Economics (master's)

Graduate Scholars Program

The Becker Center established the Graduate Scholars Program in order to provide promising graduate students with guidance and a means to pursue their research. The program's goal is to promote price theory research in the next generation of scholars.

By working alongside faculty, students gain valuable insight into the field of economics in the early stages of their research. The center grants graduate scholars a research budget of \$5,000 and encourages them to attend its other programs. In return, the graduate scholars need to keep the faculty updated on their research progress over the course of the year.

To be eligible, a candidate must be a student at the University of Chicago, pursuing either a master's degree or a PhD, and have at least one active research project. Graduate scholars are selected based on their resourcefulness, initiative, intellectual curiosity, and current or previous work. Applications are accepted directly from the candidates, and up to five Graduate Scholars are selected each year.

2009–10 Graduate Scholars Participants

Amanda Agan

Agan is a third-year PhD student in economics at the University of Chicago. Her current work includes research on sex-offender registries and using experimental lab games to screen potential entrants to social programs. Agan's paper, "Sex Offender Registries: Fear without Function?" will be published in the February 2011 issue of the *Journal of Law and Economics*.

Sally Sadoff

Sadoff is a sixth-year PhD student in economics at the University of Chicago. She received a bachelor's degree in economics from Harvard University in 2000. After completing her undergraduate studies, Sadoff taught mathematics in a California public high school and charter middle school. She received the prestigious Dan Searle Fellowship award in 2005 and the Charter Teach Fellowship in 2001. Sadoff's research focuses on closing achievement gaps beginning with pre-kindergarten development through college attendance and graduation. Her dissertation, "The Effect of Performance-Based Incentives

on Educational Achievement: Evidence from Randomized Experiments," uses several field experiments to test the effectiveness of incentives on improving high school achievement.

Jörg Spenkuch

Spenkuch is a graduate student in the Department of Economics. He holds bachelor degrees in economics and business administration from the University of St. Gallen, Switzerland. Before coming to Chicago, he worked for two years as a research assistant to professor Roland Fryer at Harvard University.

Spenkuch's research interests are in the field of social economics and include, among others, the economics of religion, racial discrimination and inequality, as well as the economics of crime.

Andrew Zuppann

Zuppann is a PhD student in the Department of Economics. His research interests include the economics of families, health, and labor markets. His current work studies the impact of access to emergency contraception on women's sexual behavior, relationships, and pregnancies.

Griffin Early Childhood Center/Chicago Heights Miracle

School districts across the country face the threat of students struggling to meet achievement standards and to graduate from high school. Many of the students most at risk come from low-income households, and are likely to continue a cycle of poverty without obtaining their high school diplomas. Raising school achievement and graduation rates can break the cycle by providing students with the skills necessary to succeed in today's economy. Though educators and legislators understand that increasing achievement and ultimately graduation rates may successfully help impoverished communities and families, many attempts to increase achievement and graduation rates have failed.

To help combat this challenge, professors Steven Levitt and John List at the Becker Center started Chicago Heights Miracle, a two-year pilot study, in September 2008. Located in Chicago Heights, Illinois, this project aims to determine if offering cash incentives to students or their parents will increase students' likelihood of doing better in and completing high school. The incentive structure varies for each treatment in the experiment so that Levitt and List can test if year-long programs versus one-time incentives are effective in raising students' test scores, and likewise, if offering the students or their parents the incentives better increases test scores.



To complement their research in preventing students from dropping out of high school, Levitt and List started a preschool program, the Griffin Early Childhood Center (GECC), in August 2010 with Harvard University professor Roland Fryer. With the help of the Ken and Anne Griffin Foundation, Fryer, Levitt, and List will be able to test if various programs aimed at preschoolers and their families have long-term effects, including but not limited to graduating from high school, receiving a post-secondary education, and ultimately becoming productive members of society. GECC is located in Chicago Heights, and will therefore include the same population as the Chicago Heights Miracle. The program will test different ways of creating environments conducive to learning and excelling for children before they even enter kindergarten. This follows literature stating that the path to a student's achievements (or lack thereof) begins before they enter kindergarten. Students below reading and arithmetic levels in kindergarten are likely to continue on that path through the rest of their schooling and are later the most at-risk students to drop out of school.

The treatments Fryer, Levitt, and List plan to implement are directed toward either the preschoolers themselves or their parents. Each child in the program will either be enrolled in a full-day preschool or their parents will attend a Parent Academy that will teach them how to better prepare their children for kindergarten. Parents participating in the Parent Academy will receive financial incentives to come to classes and implement what they learn at home. The professors are interested in testing if it is both more effective and less expensive to train parents to make their children kindergarten ready than it is to send children to preschool, since the children spend more time in their family environment than their school environment.

About the Staff

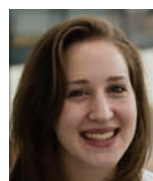


Rosalind Battle

Office Assistant, Becker Center

Rosalind Battle joined the Becker Center in 2007 as an office/project assistant. She is a certified computer technician, and prior to joining Chicago Booth, taught courses in PC Basics, Microsoft Office, and PC Hardware Repair for the Charles Hayes Family Investment Center and the After School Matters program.

Outside of work, Rosalind is passionate about music and singing. She also enjoys spending time with her family.



Tova Levin

Assistant Director, Becker Center

Tova Levin began her role as the assistant director in October 2009. While assistant director, Levin has worked on the Griffin Early Childhood Center (GECC) pre-school project and a fundraising project with the Office of Alumni and Development. On a day-to-day basis, she provides accounting and human resource support for many projects at the Becker Center. Prior to taking this position, Levin worked on a wide variety of research projects at the Becker Center, enabling her to understand the most effective ways to facilitate the progression of the research. These projects included planning and implementing an experiment that tested commonly held conventions about altruism and analyzing data from an experiment testing game theory.

About the Founder and the Visionary



Richard O. Ryan, MBA '66

Richard O. Ryan was raised on a farm in downstate Illinois and spent his career in the agribusiness industry, primarily in agricultural seeds. He earned his bachelor's degree from Quincy College in 1964 and his MBA from the University of Chicago in 1966. After graduation, he became an officer in the U.S. Army, serving in Vietnam. Following initial employment with Armour & Company and the Chicago Board of Trade, Ryan added a

master's degree from Stanford University's Food Research Institute in 1979, the year he joined DEKALB Genetics as an M&A manager.

He became president and chief operating officer of DEKALB in 1990. DEKALB was acquired by Monsanto in 1998; for the next four years, Ryan served as vice president in global product management, overseeing worldwide seed operations. Since retiring in 2002, Ryan has served as a consultant and is involved with numerous philanthropic activities. His exposure to markets and price issues in the developing world has encouraged his strong interest in the Becker Center on Chicago Price Theory.



Gary Becker

One of the most distinguished contributors to the field of economics, Gary Becker conducts research that focuses on the intersection of sociology and economics, exploring such topics as investment in human capital, population change and economic growth, influence of social forces on the economy, the economics of the family, and economics and politics. Becker's contributions to the economic understanding have been recognized with

numerous awards, including the John Bates Clark Medal in 1967, the Nobel Prize in Economic Sciences in 1992, and the National Medal of Science in 2000, among countless others.

Becker also has written several landmark books, including *The Economics of Discrimination* (1957), *Human Capital* (1964), *The Economic Approach to Human Behavior* (1976), *A Treatise on the Family* (1981), and, with Kevin Murphy, *Social Economics* (2000).

Becker is University Professor in the Department of Economics and Sociology, and the University of Chicago Booth School of Business. He also is a senior fellow at the Hoover Institution at Stanford University. He earned a bachelor's degree at Princeton University summa cum laude in 1951. At the University of Chicago, he earned a master's degree in 1953 and a PhD in 1955, both in economics.

The Becker Center on Chicago Price Theory

Founded by Richard O. Ryan, MBA '66

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Becker Center Email List

The Becker Center has created a mailing list to inform students, alumni, and other interested groups about center news and upcoming events. If you are interested in joining, visit pricetheory.uchicago.edu/listhost/.

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