




***New Economic School  
Annual Report,  
2000-2001  
for the  
New Economic School,  
Moscow***

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# NES Annual Report, 2000-2001

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# INTRODUCTION

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Five years ago, in our 1995-96 annual report we stated the following strategic goals and ways to achieve them.

- To develop NES as a first rate Russian graduate school of economics through high-level teaching and research as part of the international economics community;
- To place qualified graduates of the School in teaching positions in other universities in Moscow and Russia and to serve as an ongoing academic and research support network for them;
- To help place graduates (both with Masters and Ph.D. qualifications) as professional economists in the public and private sectors of Russia, to offer them opportunities to continue to work on research projects at NES, and to serve as their follow-up academic guide and base; and,
- To develop NES as a main support, dissemination and outreach base for economics. In addition to the academic and research support for its graduates, NES will also provide training and research support to all other economists, whether teachers in other universities or professional economists.

During the academic year 2000-2001, further significant advances were made toward these goal but also new problems and challenges emerged. The most significant, positive development was the recruitment and appointment of two additional Russians returning from abroad as tenure-track faculty members—Oleg Zamulin, PhD University of Michigan (2001), and Konstantin Sonin, Post-doctorate, Harvard University (2001). Oleg specializes in macroeconomics and Konstantin in microeconomics. Together with Sergei Guriev (Post-doctorate MIT), who was appointed two years ago, and Stanislav Anatolyev and Kirill Soussonov, who were both appointed last year, these young scholars make up the first layer of the new faculty to come. NES also started to prepare for the coming recruitment season during the job-market meeting in Atlanta, Georgia. At the same time NES is finalizing appointments and longer-term contracts for a number of domestic Russian teachers and professors who have been with NES since its establishment.

The class of 2001 graduated in July when 21 students received their Master's diplomas, with an additional three students from the previous year completed their degree requirements and graduating. Of these, 8 new graduates, and an additional 4 alumni will continue as PhD students in leading Western universities, while most of the others have accepted positions in the private and public sector in Moscow (see below). On both scores, NES preserves its very high standards of the past.

The class of 2001 was unusually small, and suffered from a weaker demand at the start and from higher rates of attrition. The financial crisis in Russia may have something to do with this, but other factors may also play a role, including greater competition from other MBA and economic programs. In response, a number of steps have been taken. First, the IAB and the academic committee have been looking at ways to diversify the curriculum, especially to make it better suited to graduates seeking non-academic, professional careers. The curriculum was enriched with a number of applied courses (in finance and corporate finance, in analytical methods and applied versions of field courses). We also added first year courses on "Institutions" and on the Russian economy. More courses of the applied type have been offered during the past year. The new strategic plan of NES also includes plans to allow some part-time studies, and to shift more courses to late afternoon and evening.

A second major effort was directed towards better marketing and advertising the school, in order to increase the pool of applicants. This included visits to high-level academic institutions. The main effort was directed in Moscow and resulted in a marked increase in the number of applicants, and for the second year the applicant pool has neared 200 (as compared with 94 two years before). In addition NES held experimental regional admission campaigns and exams in Novosibirsk and Almaty. Roughly, 23% of those who applied did so through our regional admissions campaign. Additionally, NES began preparatory courses in Novosibirsk, increasing the number of those who could improve their knowledge base prior to taking the entrance exams. As a result, for the class of 2003 NES admitted 92 students and are again teaching two parallel sections. At the same time we are examining the content and form of the

entrance exams. The main lesson from the admission campaign in the provinces is that we need to provide there more intensive preparatory courses in English and mathematics and we are setting plans to do this again for the coming admission season. It is our impression, however, that the level of students remains at a high level as in the past.

As can be seen from the detailed report, research and outreach activities at NES continue to expand and improve. One important development in the activities of the research center is the increasing number of Western trained Russian PhDs who lead research projects and partially replace Western research leaders. This allows much more intensive work and supervision in the now fully established weekly workshops for each research project. The same is true with respect to outreach. Teaching, research and outreach are also assisted by interns among NES's PhD students abroad who are coming to work at NES for short periods during the final stages of their studies abroad.

Faculty recruitment and the expansion of research and outreach were accompanied by further investments in the scientific and physical infrastructure at NES. At the end of the AY, two two-year projects, one to upgrade the library capacity and the other to upgrade the website of NES, were launched. The library project will connect our library together with those of EERC, CEFIR, and the Moscow School of Social Sciences, into a joint network. At the same time there are continuous expansions in space and in the quality of existing space. In the near future we hope to be able to create a larger and modern reading room for the library, and a larger computer center.

One of the major accomplishments in AY 2000-2001 was the creation and founding meeting of the Russian Advisory Board. Comprised of leading Russian businessmen and economists, the RAB will serve as the local public relations and fundraising organization, and further the development of a completely indigenous institute of economics in Russia.

# THE ACADEMIC PROGRAM

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## Overview

The New Economic School is committed to providing a Master's level degree program in economics of a standard equal to that provided in the best schools in Western Europe and North America. Since few of its students have studied economics before enrolling, the program consists of three components. It begins with intermediate level undergraduate courses in economics, mathematics, probability and statistics. These are intended to introduce students to the fundamental concepts of economic theory and to refresh their knowledge of the basic tools of economic analysis. Second, students are offered a rigorous set of courses in graduate level economic theory and a range of elective courses dealing with a variety of applied topics and the special problems concerned with transition. These courses are comparable in content and standard to those offered in master's courses at good universities in North America and Western Europe. Third, students are required to write an MA dissertation. This is often done within the framework of one of the research projects undertaken by faculty members at the School. The thesis is regarded as part of the training essential for a career as a professional economist. It gives the students an opportunity to apply their acquired knowledge and analytical skills to problems of interest to economists and policy-makers in today's Russia.

The courses offered in 2000-2001 were fully consistent with the aims of the program set out above. In addition, the School has tried to increase the proportion of teachers who are Russian. A full list of courses is offered below:

## Course Offerings for Academic Year 2000-2001

### Pre-Academic Year

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#### Preliminary Intensive English Course

The purpose of this 60 hour course is to prepare new students for the English-speaking environment at NES. The program focuses on listening comprehension and note-taking, the development of conversational skills for social contacts, and familiarization with the terminology of economics. The program was split into three parts:

1. English for specific purposes (Economics)
2. Study Skills: English for academic purposes (listening to lectures, note-taking, improving reading comprehension)
3. General English (Communicative functions).

### Module I: 4 September - 29 October 2000

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First Year Courses:

#### Macroeconomics I

**N. Liviatan, B. Bental**

(Main textbook: *Macroeconomics in the Global Economy*, J. Sachs and F. Larrain, 1993.)

This course is a study in the functioning of the national economy. The basic goal of the course is to understand the behavior of certain aggregate markets: the market for goods and labor in particular and how and why some key economic variables, for example unemployment and inflation, change. The role of the government is studied as well.

#### Mathematics for Economists I

**V. Polterovich, et. al.**

This course introduces students to the mathematical methods widely used in economics and quantitative social science. The topics covered include 1. introduction to topology; 2. mathematical programming; 3. Lagrange's method; 4. convex sets and convex functions; 5. convex programming, Kuhn-Tucker theorem; 6. the envelope theorem; 7. quasi-concave programming; 8. linear programming; 9. duality; 10. discrete programming.

## **Microeconomics I**

**A. Shorrocks**

(Main textbook: *Microeconomic Theory*, W. Nicholson)

This course provides students with a basic grounding in consumer theory. The topics covered initially include consumer preferences and rational choice; ordinary and compensated demand functions; income and substitution effects; market demand; income and price elasticities; and consumer surplus. This is followed by a discussion of the pure exchange economy, including the competitive equilibrium, Pareto efficient allocations, and the core. The course then deals with topics concerned with consumer choice under uncertainty, covering the expected utility hypothesis and state preference theory, with applications to insurance and investment in risky assets. Finally, there is a brief introduction to issues in the economics of information such as asymmetric information, adverse selection, moral hazard, and signaling.

## **Probability Theory**

**S. Aivazian, P. Katyshev**

This course is designed to introduce students to the statistical tools essential for other courses such as Econometrics and Applied Multivariate Statistical Analysis. The course starts with the basic notions of probability theory: probability space, random variables and models of probability distribution laws. Next, the main results of probability theory are discussed: probability distribution law of random variables which are functions of known random variables; Tchebychev's inequality; statistical stability of sampling characteristics; the normal distribution and the central limit theorem. The course goes on to consider Markov chains, the basics of statistical description and statistical estimation of parameters. The final topics are the statistical testing of hypotheses and elements of regression and variance analysis.

## **English**

**R. Budonskaya, et. al.**

See section describing English language instruction earlier in this section.

## Second Year Courses

### **Econometrics IV**

**S. A. Anatolyev**

This course serves as an introduction to principles of the contemporary art of econometric estimation and inference when applied to both cross-sectional and time-series analysis. Motivated by dissatisfaction with exact inference, we consider competing alternatives: asymptotic approximation and bootstrap. We review estimation in a linear environment, but focus on nonlinear models. In detail we will study Maximum Likelihood and Generalised Method of Moments estimators.

### **History of Economic Thought I**

**R. Entov**

The purpose of the course is to give students an overview of the growth and development of the economic thought. Studying the history of economic theory is helpful in understanding the predecessors of the modern economic problems and the logic of the evolution of economics. Topics include economic thought in antiquity and the middle ages; the rise of mercantilism; land as the principle source of economic wealth (Quennais and the physiocrats); the formation of the classical school (Smith and Ricardo); Malthus; Mill; alternatives to the classical school (e.g. the socialists and Marxists).

### **Macroeconomics VI**

**N. Liviatan**

(Main textbooks: *Lectures on Macroeconomics* O. Blanchard & S. Fischer; *Advanced Macroeconomics* J. Romer)

The course deals with the following topics: monetary policy - rules vs discretion; asset pricing; real business cycles; endogenous growth; unemployment and efficiency wages; capital market imperfections.

### **Elements of the Economics of Transition**

**V. M. Polterovich**

(Main Textbook: P. Gregory, R. Stuart, *Soviet Economic Structure and Performance*, Harper and Row, 3rd Edition, N.Y., 1986)

The main goal of the course is to provide an understanding of the main problems and main developments of the emerging theory of transformation of former centrally planned economies.



Particular attention is given to the processes taking place in Russia.

### **Growth Theory**

**B. Bental**

(Main Textbook: Jones, Charles I, *Introduction to Economic Growth*, W. W. Norton and Company, 1998.)

This course starts with a review and some extensions of the Solow model (presented in discrete time), with and without technical progress. It then turns to the basic classes of endogenous growth models: The Romer model, quality-ladder models and "human capital" models. Some ideas on R&D as a search process and their implications for economic growth will also be covered.

### **Economic Theory of Natural Resources**

**O. Eismont**

This course begins with a general description and definitions of natural resources as a factor of production and as a means of valuing these resources. The course then focuses on land resources and land rents; natural resources as public goods; exhaustible and non-exhaustible resources. The second part of this course focuses on problems of intertemporal equitable distribution of exhaustible resources; natural resources and national accounting; imperfect competition and the theory of natural resources; taxation and regulation of natural resource use.

## **Module II: 30 October - 24 December 2000**

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### First Year Courses

#### **Institutions**

**J. Shapiro**

(Main Textbooks: Douglass C. North, (1998) "Where have we been and where are we going?" in Ben-Ner and Putterman (eds), *Economics, Values and Organization* CUP. Alena Ledeneva, *Russia's Economy of Favours*, CUP, 1998.)

Economists usually define institutions as the formal and informal "rules of the game". In ordinary language, institutions are thought of as the organizational structures and arrangements, for which institutions provide the framework. This course analyzes both. Particular attention is paid to problems of institutional change in the transition to a market-based economy. These problems have, in fact, been one powerful factor in the increasing attention paid by economists to institutions.

#### **Macroeconomics II**

**K. A. Sossounov, I. A. Denisova**

(Main Textbooks: Jeffrey D. Sachs and Felipe Larrain B. (1993) *Macroeconomics in the Global Economy*; Rudiger Dornbusch and Stanley Fischer (1990) *Macroeconomics* (fifth edition))

This is the second-part of a three-part intermediate sequence. Topics covered in the course are the following: 1. Determination of the aggregate demand. IS – LM model in a closed and in an open economy. Effects of various macroeconomic policies in the IS – LM framework; 2. Inflation and unemployment. Philips curve. Dynamic interaction of aggregate demand and aggregate supply. Adaptive and rational expectations; and, 3. Long – term growth and business cycles. Solow growth model. New Keynesian and New Classical business cycle theories.

#### **Mathematics for Economists II**

**V. Belenky, et. al.**

(See description given in Period I)

#### **Mathematical Statistics**

**S. Aivazian, P. Katyshev**

(See description of Probability Theory from Module I)

#### **Microeconomics II**

**S. Guriev, A. Friedman**

(Main textbook: *Microeconomic Theory*, W. Nicholson 6th edition)

This course is a continuation of Microeconomics I. Topics for discussion include the theory of the firm; partial equilibrium analysis; theories of monopolistic and oligopolistic markets.

#### **English**

**R. Budonskaya, et. al.**

## Second Year Courses

### **Economic Statistics**

**J. Shapiro**

(Main textbook(s): Zvi Griliches "Economic Data Issues", in *Handbook of Econometrics*, Volume III, Zvi Griliches and Michael D. Intriligator (eds). Mario Blejer and Adrienne Cheasty, (eds) 1993 *How to Measure the Fiscal Deficit: Analytical and Methodological Issues*. Washington DC. IMF.)

This course takes up key advanced topics in economic statistics, indispensable for applied, empirical, and econometric work. Many of the topics also address unresolved conceptual issues suitable for further theoretical inquiry. The framework is international and the applied emphasis is on Russian economic statistics, set in the context of general methodological problems for all transition countries. Subject topics include: how the fiscal deficit is actually measured, and resultant controversies; methodologies for estimating Purchasing Power Parities; recent disputes on alternative price indices; developments in labour market statistics and other topics outlined in the timetable below.

### **History of Economic Thought II**

**R. Entov**

This course is a continuation of History of Economic Thought I taught in the first module. In this module the following topics are discussed: The German Historical and Austrian Schools; marginalism; the development of partial and general equilibrium analysis (Marshall, Walras, Edgeworth, Pareto and Slutsky); American institutionalism (Coase); the Stockholm School; perfect and imperfect competition (Robinson, Chamberlain); the Keynesian revolution; monetarism; the neo-classical school.

### **International Trade**

**V. Polterovich**

The goal of this course is to expose students to the issues raised by monetary aspects of international economics and to try to introduce some order into the confused discussion that exists in the literature. It relies heavily on contributions from the "Minnesota School" as these models seem the most explicit and it is easier to understand what their key assumptions are and what drives the results.

### **Microeconomics VI**

**S. M. Guriev**

(Main textbook: Mas-Colell, A., M. Whinston, and J. Green. *The Microeconomic Theory*)

This course follows Microeconomics 4, 5 and completes the advanced graduate sequence in Microeconomic Theory. This section concentrates on general equilibrium under uncertainty, social choice theory, axiomatic bargaining and mechanism design.

### **Public Economics I: Living Standards, Inequality and Poverty**

**A. Shorrocks**

This course covers various topics concerned with living standards, income inequality and poverty, paying particular attention to the techniques used to analyse distributional questions. The course is mainly designed for students interested in public economics and/or social issues in developing or transition economies. However, the techniques are also relevant to distributional issues arising in many other fields, such as labour economics, industrial organization and finance.

### **Russia in the Global Environment: Past and Present**

**L. A. Fridman**

(Main Textbook: Need)

The main theme of the course is comparative analysis of levels, rates and factors of economic development of large countries during the last centuries (for some countries and regions/sub regions during the second millennium). The emphasis is made on peculiarities of the genesis of Modern Economic Growth, the formation of industrial and post-industrial civilizations in various groups of countries. Special attention is given to the interaction natural, material, social and spiritual (cultural) determinants of this economic development. The course is based on many computation and retrospective estimates (some of them are made by the authors of the course). All that makes it possible to verify a number of theoretical models and concepts of economic development.

### Research Seminar I

A. Shorrocks

The purpose of the research seminar is to help students develop topics for their master's theses and to provide an opportunity to present work in progress. In addition, the workshops give students practice at making presentations. Workshops also stress the technical aspects of research including surveys of the literature, the proper use of references, writing abstracts, the organisation of papers and so on.

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## Module III: 15 January - 11 March 2001

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### First Year Courses

#### Econometrics I

P. Katyshev, A. Peresetsky

(Main textbook: J. Magnus, P. Katyshev, and A. Peresetsky, *Econometrics: First Course*", Moscow, "Delo", (in Russian), 1998.

This course is designed to be a first course in econometric theory. We will cover the standard linear regression model (in matrix form) with all the estimation and testing results. In addition, we shall cover GLS, heteroscedasticity, serial correlation and forecasting. The treatment will be rigorous with proofs of the stated theorems.

#### Game Theory I

V. Danilov

The purpose of the course is to discuss the basic concepts and results of modern game theory which are increasingly used in economics. The larger part of the course is devoted to noncooperative game theory and its main concept -- Nash equilibrium. Different modifications of the concept are also discussed. The second part of the course deals with cooperative game theory and with concepts such as the core and Shapley's vector. Topics discussed include the following: expected utility theory; extensive and normal form games; solution concepts including dominant strategy; Nash, perfect and proper equilibria; repeated games; games with communication; Bayesian games; bargaining; cooperative game theory and the core; the Shapley value; social choice; Groves mechanisms.

#### Macroeconomics III

V. Polterovich

(Main textbook: *Lectures on Macroeconomics* O. Blanchard and S. Fisher)

Topics: the Ramsey model; the overlapping generations model; money in market-clearing models.

#### Microeconomics III

A. Freidman

(Main textbook: *Microeconomic Theory*, W. Nicholson 6th edition)

The purpose of this course is to apply the basic tools of microeconomic analysis to general equilibrium examination of a competitive market economy. That is, we shall model the economy as a closed and inter-related system of optimizing actors, both consumers and firms, trading in competitive markets in order to simultaneously determine the equilibrium values of all variables of interest, that is the equilibrium prices and quantities. The welfare properties of the allocation achieved through a market mechanism will be investigated. Different cases of market failures and the role of the government in the market economy will be considered.

#### English

R. Budonskaya, et al.

### Second Year Courses

#### Applied Econometrics

S. Anatolyev

(Main Textbook: Hamilton, James (1994) *Times Series Analysis*. Princeton University Press.)

The course is devoted to the modern applied time series analysis. We review used-to-be-popular linear nonstructural models like ARIMAs, study VARs, and then turn to nonlinear models of the mean, like sample splitting and chaos, and of the variance, like ARCH. If time permits, structural models with Rational Expectations and bootstrap methods in time series will be discussed. We focus on methods, on the one hand, and relevant applications, on the other. The course presumes intensive use of classical publications in the field and computer work.

**Development Economics****S. M. Guriev**

(Main Textbook: *Development Economics*, Debraj Raj, Princeton University Press, 1997)

The course provides a brief overview of modern development economics at the graduate level. It addresses the main challenges that are faced development economics and the modern approaches to modeling economic development. The course will complement Economic Growth and Economics of Transition courses with minimum overlaps. We will discuss a diverse collection of models that refer to various aspects of underdevelopment. We will also discuss the implications of development economics on the Russian economy in its present state.

**Economics of Corruption****M. Levin**

This course ties together themes from subjects discussed in courses covering microeconomics, game theory, and institutions. Three main problems are considered: rent-seeking behavior, corruption as economic and political phenomena, and the relationships between rent-seeking, corruption and shadow economies. Attention focuses on questions of institutional descriptions of corruption, statistical and econometric analysis of the influence on the economic system, models of rent-seeking, the shadow economy, and the Russian economy and corruption.

**Financial Economics****G. Ovcharova****Industrial Organization****L. Polishchuk**

This course focuses on the organization and functioning of consumer markets. It includes a discussion of the behavior of firms on markets and examines firms as sellers and buyers of goods. During the last 20 years, methods of contemporary microeconomics and game theory began to analyse industrial organization and, as a result, a theory of industrial organization was founded. In this course, we focus on the behavior of the monopolist on consumer markets, and solutions of the monopolist in price-making, choosing of sets of products, quality, advertising, technical innovations and so on.

**Open Economy Macroeconomics:****K. A. Sossounov**

(Main textbook: M. Obstfeld and K. Rogoff, *Foundations of International Macroeconomics*, MIT Press.)

Topics covered in the course are the following: 1. Intertemporal models of current account; 2. Dynamic general equilibrium model of an open economy with flexible prices; 3. Exchange rate dynamics; and, 4. Dynamic general equilibrium model of an open economy with sticky prices.

**Public Economics II****V. Makarov**

The course covers social choice theory--constructing a framework for the analysis of problems of social choice. It then analyses some common public choice problems. Topics dealt with include property rights and externalities; congestion; public goods, local public goods and fiscal federalism; voting mechanisms.

**Research Seminar****L. Polishchuk**

(See description given in Module II)

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**Module IV: 12 March – 6 May 2001**

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First Year Courses

**Econometrics II****P. Katyshev, A. Peresetsky**

(Main textbook: *Econometric Models and Economic Forecasts 3rd ed.* R. Pindyck & D. Rubinfeld)

The topics covered in this course include models with lagged variables and time series, models with limited dependent variables, models for panel data, and simultaneous equations.

**Game Theory II****V. Danilov**

(See description given in Period III)

**Macroeconomics IV****K. A. Sossounov**

(Main textbook: P. Romer, *Advanced Macroeconomics*, McGraw Hill 1996; B. McCallum, *Monetary Economics Theory and Policy*, Maxwell Macmillan, 1989)

This course is a continuation of the sequence on macroeconomics. Topics covered in the course include the following: new classical (Ramsey) growth model; overlapping generations model; and, money, money demand, money in OLG model, and inflation and seigniorage.

**Microeconomics IV****L. Polishchuk**

(Main textbook: *Microeconomic Theory* A. Mas-Colell, M. Whinston & J. Green)

Topics: preference and choice; choice under uncertainty; basic elements of non-cooperative games; simultaneous move games; dynamic games.

**English****R. Budonskaya, et. al.**

## Second Year Courses

**Contract Theory****S. Guriev**

The course is intended to cover recent developments in economics of information and organization. The course starts with the rigorous introduction to the tools of contract theory focusing on the models with hidden action and hidden information. Then we shall study basic adverse selection and moral hazard models, mechanism design with applications to auction theory and theory of organizations. The second part covers incomplete contract theory and its applications to the theory of the firm and financial contracting.

**Health Economics****J. Shapiro****Industrial Organization****O. Eismont**

Topics to be included in this course include differentiated products, increasing returns to scale and monopolistic competition, agglomeration of industrial production, product variety and endogenous economic growth, natural monopolies, mergers and acquisitions, advertising, restaurant economics, the airline and fishing industries, and public roads and congestion.

**Labor Economics****I. Denisova**

This course covers the main topics in labour economics. Topics to be discussed include, the nature of labor market analyses, labor market flows, developments in selected industrial countries, the basic static labor supply model, home production and time allocation models, non-linear budget constraints, family models, human capital and long-run labor supply, occupational and educational choice, wages and earnings, labor demand, unemployment, discrimination and segmentation, and labor markets in transitional economies.

**Non-cooperative Games in Economics****A. Vasin**

The purpose of this course is to supplement the basic course "Game Theory" for the first year and to show how the basic models and methods of non-cooperative game theory are applied to the analysis of several important economic problems. The course discusses the following main themes: Oligopoly Models; conditions of convergence to Walrasian equilibrium; evaluation of possible deviations from the equilibrium. Cooperative and altruistic behavior in economic interactions. Evolution of cooperation and altruism. Non-cooperative foundations of Walrasian equilibrium. Repeated bargaining in pairs and convergence to the equilibrium. "Principal-agent" problem. The case with many agents. Auditing organization. Signaling in financial and labour markets. The problem of the equity pricing.

**Political Economy****L. Polishchuk**

This focus of this course is the economic analysis of political processes. Basic topics of the course are the impact of political systems on economic efficiency, the economic pre-conditions

of different political regimes, political support or resistance to economic reforms, and the incentives and behaviour of economic and political agents.

## **Module V: 14 May - 8 July 2001**

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### First Year Courses

#### **Econometrics III**

**S. A. Anatolyev**

(Main textbook: Goldberger, A., 1991, *A Course in Econometrics*, Harvard University Press)

This course serves as an introduction to principles of the contemporary art of econometric estimation and inference, when applied to both cross-sectional and time-series analysis. Motivated by dissatisfaction with exact inference, we consider competing alternatives: asymptotic approximation and bootstrap. Then we will focus on estimation and inference in a linear environment. The emphasis will be put on conceptual content rather than mathematical sophistication, although the latter is sometimes unavoidable. The assigned exercises will include regular problems as well as computer tasks. The home assignments will serve as an important ingredient of the learning process. Theoretical and empirical examples will be abundant throughout.

#### **Economics of Transition**

**V. Popov**

The overall aim of this course is to understand the processes of transition from a socialist, centrally planned economy to a capitalist mixed market economy, using the Russian economy as the primary example. Extensive comparisons will be made with the experience of other economies in transition. After surveying the economics of transition in the perspective of comparative economic systems, we shall look at Soviet economic history and at basic features of the Soviet centrally planned economy. We shall then examine current transition problems, such as macroeconomic stabilisation and industrial policy, privatisation strategy and experience, emerging banking and financial systems.

#### **Macroeconomics V**

**K. Soussonov**

(Main textbook: *Advanced Macroeconomics* Romer, D.)

#### **Microeconomics V**

**N. Piankov**

(Main textbook: A.Mas-Collel, M.Winston, Y. Green, "Microeconomic Theory", 1995)

The purpose of this course is to gain deeper understanding of the consumer theory. We would establish the link between choice and preference approaches, study the properties of consumer choice, as well as the implications of individual choice for aggregate demand. We will then proceed to study the general equilibrium theory, the questions of existence and uniqueness of the equilibrium, and the welfare properties of equilibrium.

#### **English**

**R. Budonskaya, et. al.**

### Second Year Courses

#### **Advanced Topics in Econometrics**

**S. A. Anatolyev**

This course features several very interesting and important issues of the modern econometric theory. First, we study nonparametric estimation, which combines a strong applied context with a delicate asymptotic theory. Second, we examine the beauty and elegance of GMM ideas when dealing with construction of optimal instruments. Last, we focus on models where distributional assumptions happen to be incorrect, and a related issue of model selection problem, the Big Brother of the  $R^2$ .

#### **International Finance**

**K. Yudaeva**

## **Public Finance**

**J. Shapiro**

This is course is the public economics field course, distinguished by its selection of topics of an applied character. This year the primary emphasis will be on topics in optimizing (sub-optimizing) expenditure, emphasizing project appraisal and cost-benefit analysis. Controversies on the optimal size of government, from both macro and micro viewpoints, and applications to Russia today will also be taken up in the course of this study. Some of the course material continues issues begun in Health Economics, but this course is not a formal prerequisite.

## **English Language Instruction**

NES places great emphasis on the acquisition of English language skills. The NES English Language Unit is headed by Ms. Olesya Marenkina and employs 2 tutors and one assistant. Several courses are offered and students are encouraged to use the language laboratory facilities at NES, which are equipped to facilitate self-study and individual training.

The courses, in addition to the pre-session intensive English course described above, offered this academic year as part of the academic program included:

In-Session English Course (4 academic hours per week). At the end of the pre-session intensive course, the students were divided into two sub-groups: Intermediate and Advanced. Further studies of English focused on developing writing and oral presentation skills for academic purposes and to improve spoken English. Between 150 and 250 academic hours of English instruction were offered to each student.

- **Intermediate students**

Fall semester: General English (2 academic hours per week)

Winter and Spring Semesters: General English (2 hours per week)

Writing skills (3 hours per week)

Oral presentation skills (3 hours per week)

- **Advanced students**

Writing skills and oral presentation (6 hours per week)

Self study in the Language laboratory (progress graded at end of the course)

In addition to the regular in-session courses, a special course was offered for student applicants to prepare them for the NES TOEFL-like English entrance examination. This course was offered between February and June. Those applicants who scored 570 or above on the test administered at the end of this course were exempt from the English entrance exam.

# FACULTY

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The Faculty of NES consists of a combination of visiting professors from the West and local instructors, mainly members of CEMI. Over the years the number of courses offered by Russian faculty has increased significantly, particularly following periods of training in the West. Again this year NES offered tenure-track positions to candidates with PhDs, specifically targeting NES graduates. In January, NES hired two new tenure-track Assistant Professors, to add to the previous appointments made in AY1999-2000. These two appointments were awarded to Oleg Zamulin (PhD U Michigan, 2001) and Konstantin Sonin (NES, 1998; PhD Moscow State University, 2000; Post-doctorate, Harvard University, 2001). In addition, a number of NES graduates with Western PhDs or in the process of completing their degree requirements, are teaching at NES as visiting professors, and providing instruction through outreach workshops. NES plans to make additional tenure-track appointments during the coming years on the way to the creation of a full indigenous Russian faculty.

The following is a list of those who taught at NES during AY 2000-2001. (A list of all those who have taught at NES since its inception can be found in Appendix 1.)

**Sergei Aivazian**, CEMI, RAS  
*Mathematical Statistics; Probability Theory*

**Stanislav Anatolyev**, NES  
*Advanced Topics in Econometrics; Applied Econometrics; Econometrics III & IV*

**Vitaly Belenky**, CEMI, RAS  
*Mathematics for Economists II*

**Benjamin Bental**, Technion - The Israel Institute of Technology  
*Growth Theory; Macroeconomics I*

**Vladimir A. Bulavsky**, CEMI, RAS  
*Mathematics for Economists I & II*

**Regina Burdonskaya**, NES  
*English*

**Vladimir Danilov**, CEMI, RAS  
*Advanced Mathematics for Economists; Game Theory I & II*

**Irina Denisova**, RECEP  
*Macroeconomics II; Labor Economics*

**Oleg Eismont**, Institute of Systems Analysis, RAS  
*Economics of Natural Resources; Industrial Organization*

**Revold Entov**, Institute of the World Economy and International Relations, RAS  
*History of Economic Thought*

**Alla Friedman**, NES, CEMI, RAS  
*Microeconomics III*

**Leonid Friedman**, Moscow State University, NES  
*Russia in the Global Environment: Past and Present*

**Evgeny Golstein**, CEMI, RAS  
*Mathematics for Economists I*

**Sergei Guriev**, NES, RECEP, CEPR  
*Contract Theory; Development Economics; Microeconomics II & VI*

**Pavel Katyshev**, NES, CEMI, RAS  
*Econometrics I & II; Mathematical Statistics; Probability Theory*

**Mark Levin**, CEMI, RAS  
*Mathematics for Economists II; Economics of Corruption*

**Nissan Liviatan**, Hebrew University of Jerusalem, Bank of Israel  
*Macroeconomics I & VI*

**Valery Makarov**, NES, CEMI  
*Public Economics II*

**Olesya Marenkina**, RAS  
*English*

**Galina Ovcharova**, U of Chicago, NES  
*Financial Economics*



**Anatoly Peresetsky**, NES, CEMI, RAS  
*Econometrics I & II*

**Nikita Piankov**, Harvard University, NES  
*Microeconomics V*

**Leonid Polishchuk**, University of Maryland at  
College Park  
*Microeconomics IV; Industrial Organization; Political  
Economy; Research Seminar*

**Victor Polterovich**, NES, CEMI, RAS  
*Elements of the Economics of Transition; International  
Trade; Macroeconomics III; Mathematics for Economists  
I*

**Valeriya Salistra**, RAS  
*English*

**Alexander Shananin**, Moscow State University  
*Mathematics for Economists I*

**Judith Shapiro**, NES  
*Economic Statistics; Health Economics; Institutions;  
Public Finance*

**Anthony Shorrocks**, University of Essex,  
RECEP  
*Microeconomics I; Public Economics I; Research  
Seminar*

**Kirill Soussonov**, NES  
*Macroeconomics II, IV, & V; Open Macroeconomics*

**Alexander Vasin**, Moscow State University  
*Non-Cooperative Games in Economic Theory*

**Kseniya Yudaeva**, NES, RECEP  
*International Finance*

## **Public Seminar**

NES hosts regular public seminars in which visiting and Russian faculty members, as well as prominent Russian and non-Russian economists present their research or work. Public seminars are open to all who have an interest in the topic, and are announced to the public through our electronic mailing list. This year, several joint invitations were initiated to distinguished scholars by NES and CEFIR. The following is a list of speakers for the academic year 2000-2001.

**Stanislav Anatolyev**  
NES  
*Conditional Serial Correlation Consistent Modeling of  
Conditional Heteroskedasticity*

**Anders Aslund**  
Carnegie Endowment for International Peace  
*Transition Output and Western Aid*

**Suren Basov**  
Boston University  
*Incentives for Boundedly Rational Agents*

**Benjamin Bental**  
University of Haifa  
*The Real Effects of Reserve Requirements* (Joint paper with  
Benjamin Eden)

**Bernard Black\***  
Law School, Stanford University  
*The Corporate Governance Behavior and Market Value of  
Russian Firms*

**Paul Comolli**  
International College of Economics and  
Finance, State University, Higher School of  
Economics  
*The Welfare Effects of Migration with Pre-  
existing Trade*

**Vittorio Corbo\***  
Pontifical Catholic University of Chile  
*Economic Reform in Latin America*

**Vladimir Gimpelson**  
IMEMO, RAS  
*Russian Labor Market*

**Vladislav Karguine\***  
Boston University  
*Robust Arbitrage with Short-Sale Constraint*

**Nikolay Kovarsky\*\***

Vice President, KASKOL Group

*The Russian Economy: An Eyewitness View of the Underwater Part of the Iceberg, or the Mafia in Russia and its Role in the Economic Development of the Country*

**Tatiana Kirsanova**

National Institute of Economic and Social Research,  
Oxford University

*The Collapse of Oil Prices and the Russian Currency Crisis*

**Grigory Kosenok**

University of Wisconsin-Madison

*Cournot Duopoly with Private Monitoring*

**Kensaku Kumabe**

Senior Economist, Research Institute for  
Development and Finance, Japanese Bank for  
International Cooperation

*The Outlook of Japanese Foreign Direct Investment and How to Promote Foreign Direct Investment into Russia*

**Alexandre Matros**

Department of Economics, Stockholm School of  
Economics

*Evolutionary Dynamics on Extensive Form Games with Perfect Information*

**Satoshi Mizobata**

Kyoto University

*Financial Moral Hazard and Restructuring in Russia after the Financial Crisis*

**Vladimir Popov**

Institute of European and Russian Studies, Carleton  
University

*Fiscal Federalism in Russia: Rules Versus Electoral Politics*

**Vladimir Preobrazhensky\*\***

Vice President, VYMPELKOM

*Companies Restructurization: A Few Advises on How to Succeed in Russia*

**Martin Ravallion**

World Bank

*Household Income Dynamics in Two Transition Economies*  
(joint paper with Michael Lokshin)

**Steven Rosefielde**

University of North Carolina, Chapel Hill

*Keynes and Peter: Managing Russia's Economic and Military Vulnerabilities*

**Eugenia Serova\***

Higher School of Economics

*Problems and Prospects of Development of Russian Agriculture*

**Konstantin Sonin**

Harvard University, CEPR

*The Variable Value Environment: Auctions and Actions*

**Yasushi Toda**

University of Florida

*Regional Price Differences in Residential Apartments*

**Nurlan Turdaliev\***

University of Minnesota, Federal Reserve  
Bank of Minnesota

*Cheap Talk in Repeated Monetary Policy Games*

**Arthur van Soest**

Tilburg University

*Expected Versus Realized Income Changes: A Test of the Rational Expectations Hypothesis*

**Sergey Vorobiev\*\***

Managing Partner, Ward Howell

*Management in Russia*

**Kirill Yankov**

Deputy Chairman, Federal Energy  
Commission, Russian Federation

*FEC of Russian Federation: Challenges and Achievements*

**Oleg Zamulin\***

University of Michigan

*Sticky Import Prices or Sticky Export Prices: Theoretical and Empirical Investigations*

\* Signifies a Joint Seminar with CEFIR

\*\* Part of Series of Presentations entitled "Top Managers of Russia".

# THE STUDENTS

This section profiles our current students at entry and lists those students who have graduated this academic year, and provides a description of our recruiting activities and the applicant profiles.

## Current Students: Profile

The following section provides a demographic profile of the first and second year students enrolled at NES in the academic year 2000-2001. The tables reflect the high level of education of students prior to enrolling at NES, their regional diversity and gender balance.

**TABLE 1.A: BACKGROUND INFORMATION ON STUDENTS ENROLLED AT NES, 2000-2001 -- CLASS OF 2001**

	NAME	SEX	D.O.B.	GEOGRAPHIC ORIGIN	INSTITUTION OF PRIOR STUDY	DEGREE
1.	Denis Agentov	M	01.07.77	Moscow	Math. Dept., Moscow State University	Diploma
2.	Galina Besstremyannaya	F	20.10.77	Moscow	IAAS, Moscow State University	Diploma
3.	Ruslan Bikbov	M	09.01.77	Sverdlovsk obl.	Physics Dept., Moscow Institute of Physics and Technology	Diploma
4.	Andrey Bobyshev	M	10.08.78	Moscow	Economics Dept., Moscow State University	Diploma
5.	Mikhail Bonch - Osmolovsky	M	29.07.79	Moscow	Math. Dept., Moscow State University	Diploma
6.	Alexandra Burdyak	F	29.10.69	Moscow	Math. Dept., Moscow State University	Post-graduate
7.	Dmitry Dosko*	M	23.12.75	Moscow obl.	Applied Physics and Math. Dept., Moscow Institute of Physics and Technology	Post-graduate
8.	Mikhail Drougov	M	10.06.79	Moscow	Economic Theory Dept., Higher School of Economics	Diploma
9.	Pavel Grigoriev	M	25.12.74	Moscow obl.	Math. Dept., Moscow State University	Post-graduate
10.	Michael Karev	M	17.03.71	Moscow	Physics Dept., Moscow State University	Diploma
11.	Gennady Kassian	M	23.05.78	Vinnitsa, Ukraine	Physics Dept., Moscow Institute of Physics and Technology	Diploma
12.	Eugeny Kazadaev	M	29.08.78	Tikhvin, St. Petersburg obl.	Physics Dept., Moscow Institute of Physics and Technology	Diploma
13.	Timofei Maleev	M	26.05.78	Izhevsk	Physics Dept., Moscow Institute of Physics and Technology	Diploma
14.	Simon Polbennikov	M	02.09.75	Cheboksary	Physics Dept., Moscow State University	Diploma
15.	Ekaterina Ponomareva	F	18.02.78	Moscow	Computational Math. and Cybernetics Dept., Moscow State University	Diploma
16.	Andrey Rachinsky	M	24.07.77	Perm	Economics and Applied Math. Dept., Moscow Institute of Physics and Technology	Diploma
17.	Alexey Ravitchev	M	25.02.79	Troitsk, Moscow obl.	Economics and Applied Math. Dept., Moscow Institute of Physics and Technology	Diploma
18.	Sofia Revenko	F	22.10.78	Moscow	Economics and Applied Math. Dept., Moscow Institute of Physics and Technology	Diploma
19.	Dmitry Shapiro	M	07.11.78	Chelyabinsk	Math. Dept., Moscow State University	Diploma
20.	Konstantin Styryn	M	27.06.70	Moscow	Theoretic Physics Dept., Moscow Institute of Physics and Technology; Economic Theory Dept., Higher School of Economics	Diploma Diploma
21.	Alexey Uvarov	M	03.02.76	Snezhinsk	Computational Math. and Cybernetics Dept., Moscow State University; Economic Sociology Dept., Higher School of Economics	Diploma Masters Program

22.	Alexander Vaschilko	M	05.11.75	Baranovichi, Belarus	Economics and Applied Math. Dept., Moscow Institute of Physics and Technology, CEMI	Post-graduate
23.	Andrey Vasnev	M	27.05.76	Perm	Math. Dept., Moscow State University	Post-graduate
24.	Eugeny Yakovlev	M	06.02.76	Stavropol	Math. Dept., Moscow State University	Diploma

\* Left NES for employment opportunity.

**TABLE 1.B: BACKGROUND INFORMATION ON STUDENTS ENROLLED AT NES, 2000-2001 -- CLASS OF 2002**

	NAME	SEX	D.O.B.	GEOGRAPHIC ORIGIN	INSTITUTION OF PRIOR STUDY	DEGREE
1	Alexandre Abolmasov	M	12.06.79	Novosibirsk	Economic Dept., Novosibirsk State University	Diploma*
2	Konstantin Arshakuni	M	07.02.79	Moscow	Economic Dept., Higher School of Economics	Diploma* MA Program
3	Pavel Azgaldov**	M	21.02.77	Moscow	Applied Math and Economic Dept., Moscow Institute of Physics and Technology	Diploma
4	Anna Belomestnova	F	27.05.78	Moscow	Economic Dept., Moscow State University	Diploma* MA Program
5	Boris Belov	M	30.12.74	St. Petersburg	Economic Dept., St. Petersburg University of Economics and Finance	Diploma Post-graduate
6	Igor Belyakov***	M	10.03.71	Moscow obl.	Math Dept., Moscow State University	Kandidat Nauk
7	Gleb Boreskov	M	16.11.76	Moscow obl.	Applied Math Dept., Moscow State Institute of Steel and Alloys	Diploma
8	Kristina Champanier***	F	28.03.79	Moscow	Math Dept., Moscow State University	Diploma
9	Svetlana Demidova	F	24.06.78	Moscow obl.	Math Dept., Moscow State University	Diploma
10	Sergei Dolgopolov	M	29.12.78	Yuzhno- Sakhalinsk obl.	Economic Dept., Novosibirsk State University	Diploma*
11	Sergei Donskoi	M	07.10.76	Moscow	Physics Dept., Moscow State University	Diploma Post-graduate
12	Boris Dorin	M	05.10.78	Moscow	Computational Math and Cybernetics Dept., Moscow State University	Diploma Post-graduate
13	Vladimir Egorychev	M	24.06.78	Nizhny Novgorod obl.	Math Dept., Moscow State University	Diploma
14	Vladislav Ektov****	M	28.05.78	Moscow obl.	Physics Dept., Moscow State University	5 year
15	Ruben Enikolopov	M	26.05.78	Moscow	Physics Dept., Moscow State University	5 year
16	Alexandre Fain**	M	28.02.79	Chelyabinsk	Applied Physics Dept., Moscow Institute of Physics and Technology	5 year
17	Elena Fateeva	F	12.02.69	Moscow	Math Dept., Moscow State University	Kandidat Nauk
18	Lubov Fakhrutdinova	F	19.10.76	Ekaterinburg	Economic Dept., Ural State University	Diploma
19	Anatoly Fokin**	M	30.04.68	Kirov	Math Dept., Moscow State University	Diploma
20	Alexander Galaktionov***	M	08.02.78	Moscow	Computational Math and Cybernetics Dept., Moscow State University	Diploma Post-graduate
21	Vasily Garshin	M	01.04.80	Moscow obl.	Physics Dept., Moscow State University	6 year
22	Konstantin Gvozdev****	M	19.05.77	Ekaterinburg obl.	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	Diploma
23	Julia Gilman**	F	11.10.75	Kazan	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	Diploma
24	Elena Golovko	F	04.01.77	Saratov	Math Dept., Saratov State University	Diploma
25	Konstantin Gontmakher	M	24.02.78	Moscow	Applied Math and Physics Dept., Moscow Aviation Institute	Diploma
26	Bogdan Grigorenko*****	M	27.06.75	Moscow	Math Dept., Moscow State University	Diploma
27	Anna Gulevich	F	10.06.79	Tver	Applied Math and Cybernetics Dept., Tver State University	5 year
28	Alexandre Ivanov*****	M	06.11.77	Zaporozhje, Ukraine	Physics Dept., Moscow State University	6 year
29	Maxim Ivanov	M	02.10.77	Karaganda,	Radiotechnical Dept., Tomsk University of	Diploma

				Kazakhstan	Operation Systems and Radioelectronics	
30	Andrei Karavaev	M	19.12.72	Volgograd	Math Dept., Moscow State University	Diploma
31	Anatoly Karpov*****	M	30.07.77	Vladimir obl.	Math Dept., Moscow State University	Diploma
32	Marina Kartseva	F	23.03.75	Moscow	Electronics Dept., Moscow Institute of Engineering and Physics	Diploma
33	Mongol Khartskhaev****	M	09.03.76	Elista, Kalmykia	Economic Dept., Higher School of Economics	Diploma* MA Program
34	Alexandre Khilinsky****	M	17.02.78	N.Volynsky, Ukraine	Applied Physics Dept., Moscow Institute of Physics and Technology	5 year
35	Evgeniy Khotulev	M	18.01.75	Smolensk	Math Dept., Moscow State University	Diploma
36	Ruslan Kiselev*****	M	08.05.75	Moscow	Applied Math Dept., Moscow Aviation Institute	Diploma
37	Aleksey Kolesnik	M	13.09.77	Moscow	Physics Dept., Moscow State University	Diploma Post-graduate
38	Vladimir Kolushov*****	M	05.07.79	Moscow obl.	Economic Dept., Higher School of Economics	Diploma* MA Program
39	Denis Kosinets****	M	01.04.75	Liepaya, Latvia	Math Dept., Moscow State University; Financial Management Dept., Higher School of Economics	Diploma; Diploma
40	Alexandre Kravtsov	M	21.11.78	Moscow obl.	Computational Cybernetics and Math Dept., Moscow State University	Diploma
41	Evgeniy Kruglov*****	M	18.04.79	Moscow	Moscow Technical University for Telecommunication and Information	Diploma
42	Julia Kushlyanskaya****	F	14.08.76	Moscow	Math Dept., Moscow State University	Diploma
43	Alexandre Kuznetsov	M	26.09.78	Tula	Applied Physics Dept., Moscow Institute of Physics and Technology	6 year
44	Polina Kuznetsova	F	29.04.72	Moscow	Math Dept., Moscow State University	Diploma
45	Stanislav Lavrov*****	M	30.11.77	Moscow obl.	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	6 year
46	Tatiana Letunova	F	18.10.76	Moscow	Physics Dept., Moscow State University	Diploma
47	Dmitry Levchenkov	M	29.08.80	Moscow obl.	Computational Cybernetics and Math Dept., Moscow State University	4 year
48	Vladimir Lysov	M	03.05.79	Stary Oskol	Math Dept., Moscow State University	5 year
49	Dmitry Makarov	M	06.04.78	Tula obl.	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	Diploma
50	Anna Malykh	F	18.02.73	Smolensk obl.	Computational Cybernetics and Math Dept., Moscow State University	Diploma
51	Anna Mikusheva	F	29.04.76	Orenburg	Math Dept., Moscow State University	Diploma Post-graduate
52	Polina Mikhailova*****	F	22viii78	Moscow	Computational Cybernetics and Math Dept., Moscow State University	Diploma
53	Yana Mishchenko	F	02.05.78	Moscow	Computational Cybernetics and Math Dept., Moscow State University	Diploma
54	Sergei Mityakov	M		Voronezh	Math Dept., Voronezh State University	5 year
55	Ruslan Moro****	M	15.10.74	Moscow	Bauman Moscow State Technical University	Diploma
56	Aleksey Mukomel*****	M	16.09.79	Moscow	Economic Dept., Moscow State University	Diploma* MA Program
57	Svetlana Novik	F	10.05.77	Moscow	Math Dept., Moscow State University	Diploma
58	Andrei Odinokov	M	21.12.73	Moscow	Math Dept., Moscow State University	Kandidat Nauk
59	Gennady Pleskachev	M	30.01.77	Stavropol obl.	Math Dept., Moscow State University	Diploma
60	Aleksey Popov****	M	18.04.79	Moscow obl.	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	Diploma
61	Dmitry Prudnichenko	M	07.12.77	Novosibirsk	Economic Dept., Novosibirsk State University	Diploma
62	Vladimir Rasskazov	M	11.08.75	Moscow	Math Dept., Moscow State University	Diploma
63	Sergei Rumyantsev	M	23.08.79	Ryazan	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	5 year

64	Julia Ryabysheva****	F	06.10.79	Moscow	Economic Dept., Moscow State University	5 year
65	Oleg Rychkov	M	18.05.75	Moscow	Physics Dept., Moscow State University	Diploma; Post-graduate
66	Peter Sak	M	06.02.78	Moscow obl.	Math Dept., Moscow State University	Diploma
67	Vadim Sidorov	M	13.04.72	Moscow obl.	Math Dept., Moscow State University	Diploma
68	Maria Simatova	F	28.10.79	Moscow obl.	Economic Dept., Moscow State University	Diploma* MA Program
69	Alexandra Smirnova	F	09.02.79	Donetsk	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	5 year
70	Denis Sokolov	M	19.10.77	Kozmodemyansk , Mary El	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
71	Dmitry Sotnikov	M	31.05.79	Moscow	Economic Dept., Moscow State University	Diploma* MA Program
72	Victor Subbotin	M	25.05.77	Murmansk obl.	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	Diploma
73	Anna Shabunina	F	24.04.81	Novokuznetsk	Economic Dept., Higher School of Economics	4 year
74	Elizaveta Shevyakhova	F	22.11.79	Moscow	Economic Dept., Moscow State University	Diploma*
75	Andrei Tchekunov	M	25.02.78	Moscow	Math Dept., Moscow State University	Diploma
76	Alexey Tsaruk****	M	02.10.70	Moscow	Math Dept., Moscow State University	Diploma
77	Vasiliy Vakorin	M	16.12.74	Tula obl.	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	Diploma
78	Anna Vasilieva	F	14.05.78	Moscow	Computational Cybernetics and Math Dept., Moscow State University	Diploma; Post-graduate
79	Mark Volshtein	M	29.08.78	Tver	Applied Math and Cybernetics Dept., Tver State University	Diploma
80	Aleksey Vylugin****	M	21.01.76	Donetsk, Ukraine	Applied Math and Physics Dept., Moscow Institute of Physics and Technology	4 year
81	Roman Zakharenko	M	28.12.79	Novosibirsk obl.	Economic Dept., Novosibirsk State University	Diploma
82	Oleg Zenkov	M	02.11.77	Kursk obl.	Math Dept., Moscow State University	Diploma
83	Alexander Zubov*****	M	04.09.75	Kuznetsk	Physics Dept., Moscow State University	Diploma

\* Represents a Diploma equivalent to an undergraduate degree. All other degrees listed as Diploma without an asterisk represent advanced degrees.

\*\* Withdrew from coursework.

\*\*\* Returned from Academic leave.

\*\*\*\* Granted academic leave.

\*\*\*\*\* Expelled due to unsatisfactory attendance and/or performance.

\*\*\*\*\* Left due to employment opportunities.

## Applicant Profile

The following table provides information about the applicants to NES in the 2000-2001 academic year. Because of NES's reputation, only students who believe that they have a good chance of admittance actually go through the application process. However, this year we witnessed an increase in the number of students applying to NES compared to previous years.

**TABLE 2: APPLICANT PROFILE DATA - 2001**

			Men	% of All	Women	% of All
<b>Total # of Students Applied:</b>	190	100%	138	72,6%	52	27,4%
Moscow Applicants	146	77%	108	74%	38	26%
Regional Applicants:	44	23%	32	73%	12	27%
Novosibirsk	38	20%	29	76,3%	9	23,7%
Almaty	6	3%	3	50%	3	50%
<b>Profile</b>						
Average age	22,5					
Married	20	10,5%	12	6,3%	8	4,2%
Muscovites	42	22%	30	15,8%	10	6,2%
Need dormitories	112	59%	83	43,6%	29	15,4%
<b>Educational Background and Degrees:</b>						
Mathematics	44	23%	28	14,7%	16	8,3%
Physics	19	10%	16	8,4%	3	1,6%
Economics	38	20%	15	7,9%	23	12,1%
Post-graduate students at other institutions	7	3,7%	4	2,1%	3	1,6%
Plan to pursue studies at the Ph.D. level	95	50%	74	39%	21	11%
NES Preparatory courses – English	66		-		-	
NES Preparatory courses – Math	51		-		-	
<b>The main institutions students came from:</b>						
Moscow State Univ.	60	31,6%	48	25,3%	12	6,3%
Moscow Physical-Technical Univ	33	17%	27	14%	6	3%
Moscow Physics Institute	2	1,05%	2	1,05%	0	0%
Novosibirsk State University	34	18%	26	13,7%	8	4,3%
Higher School of Economics	4	2,1%	3	1,6%	1	0,5%
Moscow Aviation University	4	2,1%	4	2,1%	0	0%
Voronezh State University	4	2,1%	1	0,5%	3	1,6%
<b>Sources of Information about NES</b>						
Booklet (spravochnik)	130	68,4%				
Friends	40	21%				
Internet	27	14,2%				

## Recruiting Activities

This year, NES further expanded its recruitment activities. Three Open House Days were organized in Moscow – one in December and two in the spring – where faculty and staff presented information to potential students. Open House Seminars were also organized in cities outside of Moscow--in St. Petersburg, Tomsk, Voronezh, Ekaterinburg, Novosibirsk, and Almaty. These seminars provided NES staff and faculty an opportunity to meet with interested students, to present information about the school and our program of study to interested students, and to discuss the details of our program with faculty members in regions outside Moscow. Additionally, materials disseminated in Moscow at the Open House Days were also distributed in the regions both through direct mailings and through US Education Information Centers. These materials included the *spravochnik*, the *posobiye* (Preparatory Guide for Applicants), Frequently Asked Questions, revised versions of the NES poster and brochure, and an information booklet on student demographic profiles, placement in the job market and PhD programs of our alumni. Additionally, NES presented materials through kiosks at several domestic and international education exhibitions and during

Career Days at select universities in Moscow and through participation at Career Forum and Job Fairs organized by IREX and USEIC.

NES also advertised in Russian periodicals, including magazines and newspapers. Articles regarding NES appeared in *Poisk* and *Exclusive Personnel* weekly newspapers, as well as in *Kariera* and Elite Education monthly publications. Our recruiting activities also utilized several new avenues, in addition to advertisements in magazines and periodicals. For the first time, all admissions materials were available on the homepage of NES. Additionally, information materials were distributed through electronic mailings. Preparatory courses and examinations took place in Moscow, in addition to those which took place in Almaty and Novosibirsk. In Almaty and Novosibirsk, local faculty administered preparatory courses and exams for interested applicants to NES.

This is the second year in which NES offered exams outside of Moscow. The reason behind this change in procedure was to encourage those students who cannot afford to travel to and from Moscow for exams to still apply to the school. From our entering class, roughly 20% of those admitted were those who successfully passed exams in the regions. We plan to continue and expand regional preparatory courses and exams in subsequent years.



# RESEARCH

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The Research Center pursued an extensive program of research into economic and social conditions in Russia and other countries of the CIS, primarily within the framework of the of the research program *Transforming Government in Economies in Transition (GET)*, funded through the Ford Foundation.

The Research Committee of the School oversees research at NES. The Committee is composed of members of the International Advisory Board of NES and permanent faculty members of NES. The members for AY 2000-2001 were as follows:

Professor Barry W. Ickes	<b>Co-Chairman</b>
Academician Valery Makarov	<b>Co-Chairman</b>
Professor Victor Polterovich	<b>Co-Director</b>
Professor Judith Shapiro	<b>Co-Director</b>
Dr. Pavel Katyshev	<b>Coordinator</b>
Ludmilla Solntseva	<b>Secretary</b>
Professor Gur Ofer	

Twenty-two second year students were selected based on merit to participate in this year's research program. Seven assistants, six of whom are NES graduates, worked in conjunction with the project leaders and students on research.

Every team runs its own weekly seminar devoted to the research topics. All GET students wrote term papers under the supervision of their research leaders and have completed their Master's theses.

Appendix 2 contains the abstracts of the master theses of the students during academic year 2000-2001.

## **Research Projects 2000-2001**

The Research Committee approved the following projects for the academic year 2000-2001. A summary of work completed appears below each project title and participants.

1. **Health and Economic Development in Transition.** Project Leader: Judith Shapiro. Students: Gennady Kassian and Mikhail Bontch-Osmolovsky.

The Project Workshop on Economic Development and Health in Transition explored two basic directions which were new in this area, where many studies have tried to understand the Russian mortality crisis, but often without economists' methods and econometric techniques.

The first approach produced the most important results. The projected use of panel data methods for explaining mortality in all transition countries, using the World Health Organization data base, with our corrections for some key economic variables, resulted, after much hard work, in some evidently robust results, showing that the changes in male mortality is significantly and fairly strongly related to changes in these variables: stress (proxy: changes in the Standardized Death Rate (SDR) from murder; alcohol consumption (changes in SDR from cirrhosis of the liver), changes in the economic well-being and security (changes in GDP in PPP \$ terms).

The problem of endogeneity was resolved (the problem that two of the right-hand side variables are part of the left-hand side, even though a small part), thanks to suggestions made at the April conference, and the results were thus shown to be robust in this respect. Given the data problems in measuring the theoretically hypothesized variables, the actual selection of proxies was carried out by G. Kassian, by a method which caused all the group some concern, because it is close to data mining. This, however, was resolved successfully, because the same variables (except for the murder rate) explain the changes in female mortality in a very similar fashion.

This work was selected as a "Best Student Paper" and received a 5+. Kassian and Shapiro are now revising the paper for publication, and wish to aim first for a major economics journal. Shapiro already presented this paper as a poster session at the International Health Economics Congress in York, England in July. We will use the model to forecast the forthcoming year 2000 results, as one other test of

the robustness of its results, and this and other work she has done during the year on reviewing the data and alternate theories will be incorporated, as well as some cross-section work on Russian oblasts. The first draft of this article will be the conference paper in November.

The second direction which seemed to offer promise was a use of micro-data from the RLMS, where it even proved possible to find out who had died between rounds. Pooling the samples from all valid rounds might have resulted in significant results, but given the data problems, and other problems, this was not completed before the work was finished. Therefore the results are somewhat contradictory and unclear. Some of the problem may lie in the RLMS. It was certainly found that Round 1 in particular, but no doubt all four of the first rounds, are dubious data-wise. The famous discovery of more than two dozen pregnant men in the data for Round 1 is now well-known. Discussion with the RLMS did result in our understanding that none of the data from Round 1, although posted still on the web site, have been cleaned in any way. Fortunately, the student who carried out this project is now working on the RLMS itself, in Chapel Hill, North Carolina, on a special Fellowship for his PhD in Economics. It is hoped he will continue the work he has started, and have more fruitful results.

Finally, Professor Shapiro also surveyed new trends in health economics and health outcomes in Russia, identifying some newly urgent issues in both the costs of not-stopping HIV, and in the problems of health care finance. This work has led to a new, wider project, and to selection for financing a great deal of this project it by the Global Development Network, freeing up some Ford money for new projects.

The students presented their papers in April, and Professor Shapiro gave a keynote address in Stockholm in March to the Swedish Association for Slavic and East European on this subject, a paper at an international workshop in Oxford in April, and discussed the issues at an international conference of policy-makers from the Balkans in Tivat, former Yugoslavia, in July. Some results of the Kassian and Shapiro project will be included in the GDN workshop in Rio de Janeiro in December, and Judith Shapiro will report on the joint work at an international UNDP-sponsored seminar in Izhevsk on 25-26 October. In the process of preparing the paper for publication, we hope to submit the paper to appropriate European conferences, after our November conference.

2. **Competition among Jurisdictions in Russian Federation.** Project Leaders: Valery Makarov (CEMI and NES), Dan Berkovitz (Consultant). Assistant: A. Dankov (CEMI). Students: Galina Besstremyannaya and Sofia Revenko.

A competition is a driving force not only for commercial companies to enhance themselves. It is an engine for regions to attract people, investments and to build up reputation. Based on data of the Subjects of Russian Federation and municipalities of Moscow region the team of Makarov (leader), Dankov (assistant), Revenko and Besstremyannaya (students) find that some sort of competition among the jurisdictions takes place. On the other hand it is stated that the elections of governors and heads of local administrations play crucial role in decision making process. The efficiency of local public goods provision very much depends as on economic as political factors.

3. **Russian Labor Market Policies.** Project Leaders: Irina Denisova (NES and CEFIR). Assistant: Julia Khaleeva. Students: Mikhail Drougov and Eugenia Kazadaev.

The work in the project is going along three main lines.

The first direction is the study of the structure of the Russian labor market, and, in particular, an attempt to test for its segmentation, and to identify the segments. RLMS database is employed. Two approaches are used: first, segments selected on the basis of exogenous reasons are tested for being the distinct labor markets; second, the labor market segments are obtained endogenously as a result of a statistical procedure, supported by cluster-type analysis. While guessing segmentation (the first approach), we try regional attribution (metropolis vs. non-metropolis; energy-producing regions vs. others; regions with high concentration ratio vs. those with low concentration ratio), and the job status of an employee (bosses vs. subordinates) as exogenous reasons. Our analysis shows that the selected reasons generate the division of the labor market so that the hypothesis of its segmentation is not rejected. The second approach suggests that geographical aspect is the strongest reason for getting labor market segmentation.

The second direction of the project is an analysis of factors behind the on-going expansion of higher education in Russia. Goskomstat regional data and Ministry of Education data on Universities are employed. First, we try to determine the regional characteristics (GDP per capita, unemployment rate, economic and political stability, etc.) that have contributed most to the growth in the number of students in the region. Second, we try to establish in what ways the number of entrants to and graduates from particular department is related to the labor market changes in the corresponding sectors of economy. The regional analysis supports our hypothesis that the higher education expansion in Russia in the second half of the 90-s has a multidimensional character. It allows concluding that there are a number of factors related to different theories that are responsible for the growth in higher education while some most popular factors such as unemployment rate are found to be insignificant. The analysis of entrance to higher education shows that supply side effects are not so considerable as one might expect, or at least, demand and supply in higher education follow the same economic and social trends in the environment. The core issue of whether higher education has been adapting to the changes in the economy is answered in a rather expected manner: there is some adaptation but not very significant.

The third direction of the project is the study of regional labor market on the example of Voronezh region. In particular, we are interested in the factors that affect the probability to exit unemployment, which is important for the shape of policy to fight long-term unemployment, and hence, long-term poverty. Along with other issues, we try to estimate the effectiveness of active labor market policies from the perspective of getting employed. Individual-based data on registered unemployment from the Federal Employment Service registry is used.

4. **Determinants of Corporate Governance in Russian Firms.** Project Leaders: Sergei Guriev (NES and CEPR) and David Brown (SITE, CEPR). Assistant: Daniil Manaenkov (NES). Students: Andrei Rachinsky and Ruslan Bikbov.

Using a unique data set on managerial turnover in all companies listed in Russia's stock market, we have studied the causes and consequences of managerial turnover. First we found that stock returns only influence CEO turnover for 40 most liquid firms. Second, the sensitivity of managerial replacement to poor performance goes up with increasing competition for most liquid firms and is not affected by competition for illiquid firms. This might imply that for liquid companies competition increases managerial incentives to spend more effort in order to avoid the threat to be fired.

We found no evidence that dismissals after bad performance and promotions after good performance provide good incentives for new managers and therefore increase future performance. We have, however, found that CEO turnover improves performance most liquid companies, except the cases when former CEO keeps his influence on the company. Thus, it might be concluded that market corporate governance mechanisms typical for OECD countries do work in Russia but only for very small number of the most liquid firms.

5. **The Economics of Climate Change.** Project Leaders: Oleg Eismont (NES) and Claudia Kemfert (Head of Research Group Scientific Pool of Environmental Economic Disciplines (SPEED) at the University of Oldenburg, Germany). Students: Alexandra Bourdyak and Pavel Grigoriev.

The project aims at estimating the impacts of carbon emissions trading on the Russian economy. The project includes three parts. The first part analyses the effect of shifting tax burden from labor to carbon emissions on employment and well being, taking into account the perspectives of carbon emissions trading. Under condition of the Russian economy, the effect of tax shifting happens to be rather insignificant, due, primarily, to very low short-term wage elasticity of labor demand.

The second part of the project analyses the so-called Joint Implementation scheme, under the possibilities of carbon emissions trading. The main result is as follows. The higher gets emissions permits price the more efficient project will be realized and (contrary to expectations) the higher will be the level of total emissions. The so-called "Domestic JI" scheme is suggested. If implemented, this scheme could stimulate domestic investments into energy efficient projects.

The third part of the project investigates the impacts on the Russian economy of a carbon emissions trading scheme, based on a general equilibrium model for Russia and Europe. It turns out that emissions

trading is beneficial for the Russian economy as a significant excess supply of emissions permits leads to a profitable economic situation.

6. **Trade Liberalization and its Effect on Russian Economy.** Project Leaders: Ksenia Yudaeva (CEFIR) and Dalia Marin (University of Munich). Assistant: Konstantin Kozlov. Students: Semen Polbennikov and Alexey Uvarov.

The project analyzes the effect of 1990s trade liberalization on Russian economy. Two master theses were written in the framework of the project. Polbennikov looks at the import elasticities, and trade patterns. He concludes that import elasticities increased after 1998 crisis. This result is interpreted as an evidence of strengthening of customs administrations in this period. On the other hand, the paper finds that trade with CIS countries increased after the 1998 crisis.

Uvarov looks at the pattern of foreign direct investment in Russian economy. He finds, that on average, Russia attracts horizontal, and not vertical FDI. The average tariff elasticity of FDI in the Russian economy is positive, but quite low. This elasticity, however, is fairly high in some industries, suggesting that, other things equal, decrease in tariffs will lead to decrease in inflows of FDI in such industries. Estimations from this paper were used in preparation of CEFIR-Club 2015 paper on WTO accession, which was sent to a number of federal and government officials, and published for public discussion on CEFIR web site.

In the framework of the project, we also conduct a study of the effect of changes in import penetration on productivity of Russian firms.

7. **Causes and Consequences of Fiscal Incentives in a Transition Economy.** Project Leader: Ekaterina Zhuravskaya (CEFIR). Assistants: Akhmed Akhmedov and Irina Slin'ko. Students: Eugeny Yakovlev and Alexey Ravichev.

This project resulted in two research papers:

- a) The "Electoral cycles in Russian regions" by Ahmedov, Ravichev, and Zhuravskaya (2001) analyzes electoral business cycles in the Russian regions by looking at how the dynamics of over 40 indicators of regional socio-economic regional policies depend on their closeness (in time) to 163 gubernatorial elections in Russia that took place between 1992-2000.

Main empirical findings are the following: Political business cycles are present in most of socially targeted regional economic policies (for instance, in a year prior to elections there is a sharp increase in pensions, subsidies, and the shares of social expenditures of regional budgets, at the same time, wage arrears in the public sector go down). The federal government uses the increase in the strength of regional political incentives at the time of elections as an opportunity to increase fiscal pressure on the region, so that transfers from the federal government fall and governors are forced to increase efficiency of local tax collection in order to finance popular policy measures. An increase in populist spending leads to overall worsening of macroeconomic situation in the region during the election year, for instance, inflation is higher than in the middle of electoral cycle. Governors, however, try to confine the inflation by administrative price controls during few months before elections. Presence of serious opposition to the incumbent at the elections increases the amplitude of electoral cycles and reduces their negative macro-effects.

Thus, even at the regional level, where the so-called "administrative resource" is easily available to the governors, politicians on average are forced to respond to the electoral pressures and these pressures are not completely neutralized by the administrative resource.

- b) The paper "State capture in Russian regions and municipalities" (2001) by Slinko, Yakovlev, and Zhuravskaya analyzes the influence of Russian business elites on the government policies at the regional and municipal levels. The two central questions of the paper are: Is there evidence of "capture" of local policies by the large Russian enterprises? And if yes, what are its economic consequences?

The degree of local labor market concentration is used as a measure of potential for capture by the largest enterprises in the jurisdiction. As indicators of local policies, the paper uses the efficiency of local tax collection and public goods provision, composition of budgetary spending, and the measures of regulatory burden on small private business development. Data on over 900 municipalities in 1997-1999, and 77 regions in 1996-1999 are used for the analysis.

The main statistically and economically significant results are: Holding other things constant, an increase in the potential for state capture both at the regional and municipal levels in Russia leads to 1) a decrease in efficiency of tax collections to the budget of the jurisdiction, 2) a decrease in public provision and privatization by large enterprises of social public goods that affect competition on the labor market, 3) an increase in administrative regulation, that, in turn, leads to a fall in the number of small enterprises and a decline in retail sector. At the municipal level, an increase in potential for state capture is found to lead to 4) a decrease in the productive efficiency of the large enterprises (these enterprises spend a larger part of their resources on rent-seeking rather than productive activities), 5) a decrease in investments in the jurisdiction.

The main conclusion of the paper is that given the generally large scale of monopolization in Russia at the local level, the phenomenon of state capture has a very significant (negative) overall effect on the effectiveness of reforms (in particular, deregulation), efficiency of public goods provision and local tax collection.

8. **Banks in Russia.** Project Leaders: Benjamin Bental (University of Haifa), Kirill Soussonov (NES) and Alexei Medvedev (Central Bank of Russia). Students: Timofei Maleev, Constantin Styrin, and Andrei Bobyshev.

The project "Banks in Russia" was mainly devoted to empirical investigations of different aspects of Banking in Russia. During year 2000/2001 two Master's thesis (Andrei Bobyshev and Constantin Styrin) were completed and another one is near completion. During this time, theoretical research will result in a working paper by the project leaders. This research investigates how the level of financial market development may influence economic growth.

Research of Bobyshev recognizes the fact that different Russian banks may have different objectives and different strategies of doing business in order to achieve these objectives. Bobyshev uses techniques of cluster analysis to separate banks into different groups according to their business strategies and provides possible descriptions of their objectives for different groups. He also looks at how financial crisis of 1998 affected banks in different groups.

Research of Styrin investigates effects of 1998 financial crisis on lending behavior of Russian banks. Styrin uses techniques of panel data analysis to separate effects of two different events: depreciation of part of banks' assets which results in decrease in lending (analog of income effect) and disappearance of market for GKO which, as Styrin argues, results in increase in lending due to the fact that GKO's and commercial lending were imperfect substitutes for banks. Econometric estimation shows that the second effect was quite significant which allows Styrin to conclude that Russian banks could indeed be called financial intermediaries who are able to transfer liquid short-term deposits into illiquid long-term commercial credits.

Research of Bental and Sosunov uses a version of neoclassical growth model to analyze how if at all the level of financial market development may influence the level of steady growth of an economy. To do so authors modify standard Solow-type growth model to include into it financial sector which provides credits to entrepreneurs to make investments and may be of different quality in terms of awareness of creditors about entrepreneur's project profitability. This implicitly assumes that the more developed financial market results in more information about different projects' profitability and that this is the major channel through which it may influence economic growth. Although the calibration part of research in which numerical exercise will be carried out is not yet completed its main result may be formulated as follows. If one believe into neoclassical growth model and that development of financial market influences growth through its effect on the information structure of the economy then for reasonable sets of model parameters this effect is negligible.

9. **Capital Expenditures Financing in Russia.** Project Leaders: Stanislav Anatolyev (NES) and Galina Ovtcharova (University of Chicago). Students: Andrei Vasnev and Denis Agentov.

In this project we attempt to identify Russian industries that most actively use external sources to finance their capital expenditures, as well as industries that confront the most significant lack of external financing. We analyze how those Russian companies that have to rely on external financing finance their investment, and what determines investment intensity in those companies and the availability of various types of external financing to them.

As a basis for this project, we use recent results in international corporate finance, which indicate that industrial sectors that are relatively more in need of external finance grow faster in countries with more developed financial markets. Taking into account all problems of Russian enterprises, it is extremely important to assess their ability to make continuous investment in capital assets and to obtain necessary financing for that purpose.

10. **Evaluation of Tax Benefit Reforms.** Project Leaders: Anthony Shorrocks (UNU/WIDER, Finland and NES) and Evsey Gurvich (Expert Group of Ministry of Finance). Students: Ekaterina Ponomareva and Alexander Vachtchilko.

The main results include the following:

Cost-benefit analysis of subsidies in the communal services sector has been carried out. Those include cross-subsidies (amounting to 0.3% of GDP), and direct budgetary subsidies (which amount to 2.8% of GDP, or 10% of consolidated budget expenditures). It was found, first, that efficiency of the current distribution of subsidies is very low, as per capita amount of received subsidies positively depends on the income level. Subsidies elimination, accompanied with compensating transfers, cutting sales taxes, and price decrease due to lower electricity prices for industrial users was studied. A rule of transfers allocation was suggested which required less than one fourth of the sum, currently used for subsidies, to compensate losses born by poor families. On the other hand it was found that plausible consequence of subsidies elimination – cutting sales tax – increases differentiation in standards of living. Important differences by region in distributional effects of reforms in the communal services sector were also revealed.

Effect of the recent changes in the rates of income and payroll taxes were studied. These changes were criticized as increasing inequality, as ascending income tax scale was replaced with a flat rate, and flat payroll tax was replaced with a descending scale. Taking into account wide-spread practice of tax evasion (around 30% of wage bill is paid in hidden form), a model of tax evasion was constructed. Its analysis demonstrated that with due regard for the impact of the tax reform on tax avoidance, distributional effect happens to be positive, without losses in expected fiscal revenues. The model predicts unchanged proceeds of payroll tax, increase in income tax proceeds by some 16%, and significant contraction of wages paid in a hidden form (by 28%).

11. **Market for Influence and Political Accountability in Transition Economies.** Project Leaders: Ariane Lambert-Mogiliansky (CERAS-ENPC, Paris) and Leonid Polishchuk (University of Maryland). Assistant: Alexandre Tonis. Students: Dmitry Shapiro and Mikhail Karev.

Mikhail Karev in his paper “Towards a Dynamic Model of Legal Reform” views the process of legal reform as a gradual accumulation of the legal foundation of an economy. The author assumes that legislators respond to grass-roots pressure of their constituencies, and in particular to the prevailing preferences in favor of “public law” which enhances overall economic efficiency, as opposed to “private laws” which provide exclusive benefits to narrow interests at the expense of the rest of the economy. The model allows a multitude of trajectories, including those where efficiency-enhancing legal reform stagnates, being captured by rampant influence activities of interest groups seeking exclusive benefits. The overall dynamics exhibits strong path dependency, and is influenced, among other factors, by the quality and quantity of the rule of law which exists at the outset of a legal reform. Paper’s findings are illustrated by examples from legal and economic history.

The paper by Ariane Lambert-Mogiliansky “Procedural Accountability in Political Decision Making: The Case of Dynamic Externalities” proposes a simple setting to analyze some aspects of the dynamics

of lobbying. A self-interested politician arbitrates competition between interest groups. We contrast the case when the politician can divert funds and when he cannot. The approach is structured by a concern for practical relevance in terms of politicians' accountability. The analysis focuses on the investigation of specific simple rules of procedural accountability (PA) as opposed to the highly sophisticated decision rules consistent with the "menu auctions" approach. We characterize PA-rules that perform reasonably well in different environments when the politician cannot diver funds. The rules may involve some discretion to bias competition. We then characterize the distortions brought about by rent seeking. A central result is that in presence of dynamic complementarities, opportunistic policymaking may imply delays, inconsistencies and piecemeal decisions-making. This reflects the politician's concern for preserving competition between lobbies so as to secure future rents.

Leonid Polishchuk in the paper "Rule of Law and Political Influence: A Menu Auction Approach" studies factors that could hamper and delay emergence of rule of law. One of such factors is anticipated political influence on legal arrangements. Once economic agents subject themselves to rule of law, they are exposed to political decisions which could be influenced to favor some groups against others. To make sure that their interests are properly advocated and protected, agents will have to spend resource on influence activities, and such expenditures add up to the standard costs of the rule of law. This affects cost-benefit analysis of value of law, and could delay establishment of rule of law that would have been welcomed in an influence-free society. The paper studies this phenomenon by using a model based on the menu auction approach. The model allows to estimate the deterrence of rule of law by political influence depending on political, constitutional and fiscal constraints, as well as the level and patterns of political organization of economic agents.

Dmitry Shapiro's paper on "Political Incentives and Investment Climate" studies the evolving interdependence of the reputation of a jurisdiction (nation or a subnational unit) and the scale of private investments. One of the main questions studied in the paper is whether a jurisdiction could gradually build up its reputation from an initially low level by way of honoring investors' rights, and could expect to be rewarded by an increased inflow of investments. The paper shows that an answer to this question could be negative if investors are short-sighted, in which case a low reputation would continue to further decline, denying the jurisdiction of expected rewards and therefore prompting it to behave predatorily, confirming investors' apprehensions. The paper also points out to two possible remedies available to unlock "low confidence-no investments" traps. One is attracting strategic investors with long-term horizons, whereas another relies on signaling. It is shown that build-up of reputation and signaling complement each other, so sending a credible signal to investors could put the economy on a growth path.

## **Research Projects 2001-2002**

The Research Committee approved the following projects for the academic year 2001-2002. This list is current as of September 2001.

1. **Econometrics of Moment Conditions in Time Series.** Project Leaders: Stanislav Anatolyev (NES) and Andrei Vasnev (NES). Students: Dmitry Levchenkov
2. **Wage Differentiation and Perceived Inequality.** Project Leaders: Irina Denisova (NES and CEFIR) and Claudia Senik-Leygonie (DELTA, Paris). Assistant: Akhmed Akhmedov. Students: Lubov Fakhrutdinova, Marina Kartseva, Alexandre Kravtsov, Polina Kuznetsova, Vladimir Rasskazov.
3. **Electricity Restructuring and Regulatory Reform in Russia.** Project Leaders: Oleg Eismont (NES), Charles Kolstad (University of California, Santa Barbara) and Geoffrey Rothwell (Stanford University). Students: Svetlana Demidova, Evgeniy Khotulev, Yana Mishchenko, Anna Shabunina.
4. **Auctions with Financial Constraints.** Project Leaders: Sergei Guriev (NES, CEPR), Michael Schwarz (Harvard University), and Constantin Sonin (NES and CEFIR). Consultant: Ariane Lambert-Mogiliansky (CERASS-ENPC, Paris). Students: Kristina Champanier, Andrei Karavaev,

Anna Mikusheva, Dmitry Prudnichenko, Oleg Rychkov, Elizaveta Shevyakova, Mark Volshtein, Roman Zakharenko.

5. **Distributional Effects of Social Sector Reforms in Russia.** Project Leaders: Evsey Gurvich (Economic Expert Group) and Anthony Shorrocks (UNU/WIDER). Assistant: Alexandre Andryakov (Economic Expert Group). Students: Andrei Odinkov, Sergey Rummyantsev, Victor Subbotin.
6. **Trend of the Banking Sector in Russia and Bank Ratings.** Project Leaders: Anatoly Peresetsky (NES), Alexandre M. Karminsky (International Center for Banking and Financial Technologies), and Arthur van Soest (Tilburg University). Students: Vasily Garshin, Elena Golovko, Alexandre Kuznetsov.
7. **Industrial Policy and Growth in Transition Economies: Can Weak Government Correct Market Failures?** Project Leaders: Victor Polterovich (NES and CEMI) and Vladimir Popov. Assistant: Alexandre Tonis. Students: Sergei Donskoi, Vladimir Lysov, Dmitri Makarov, Sergei Mityakov.
8. **New Economics and Internet: Russian Experience.** Project Leaders: Valery Makarov (NES, CEMI) Artem Kuznetsov (Institute of Financial Analysis). Consultant: A. Pomanskii (Institute of Financial Analysis). Students: Igor Belyakov, Gleb Boreskov, Maxim Ivanov, Tatiana Letunova, Alexandre Galaktionov, Anna Malykh, Andrei Tchekunov, Oleg Zenkov.
9. **How Can Russian Health Care Buy Better Health for the Russian Population? Assessing and Improving the Cost-Effectiveness of Russian Health Care in a Regional and Worldwide Context.** Project Leader: Judith Shapiro. Consultant: Elena Polishchuk. Assistant: Galina Besstremyannaya. Students: Vladimir Egorychev, Anna Gurevich, Svetlana Novik, Anna Vasilyeva.
10. **Real Exchange Rate of Ruble: How It is Determined and Influences Russian Macroeconomy.** Project Leader: Kirill Sosunov (NES) and Oksana Dinnikova (Economic Expert Group). Assistants: Natalya Tsuganova (NES). Students: Anna Belomestnova, Sergei Dolgopopolov, Boris Dorin, Dmitri Sotnikov.
11. **Wealth Inequality, Electoral Laws, and Political Structures.** Project Leaders: Alexander Vasin (NES, MSU) and Francisco Marhuenda (University of Alicante, Spain). Students: Konstantin Gontmakher, Peter Sak, Maria Simatova, Vasily Vakorin.
12. **The Effect of WTO Accession on Russia: Increasing Trade and Foreign Direct Investment in Goods and Services.** Project Leader: Kseniya Yudaeva (CEFIR). Assistants: Konstantin Kozlov (NES, CEFIR), Eugeniya Bessonova (CEFIR). Students: Boris Belov, Alexandra Smirnova, Denis Sokolov.
13. **Dollarization as a Form of Price Stickiness.** Project Leader: Oleg Zamulin (NES and CEFIR). Assistant: Konstantin Styryn (NES). Elena Fateeva, Aleksey Kolesnik, Irina Levina.

## **Conferences**

The Research Center's commitment to the dissemination of its research efforts was achieved through two conferences in April and November. These conferences, as well as performing an outreach function for the Moscow community, also provided our student researchers with invaluable presentation experience before a well-informed and critical audience. Seminars held throughout the academic year also supported outreach efforts. The programs of the conferences are included in Appendix 3.

## **Publications**

In 1998, two working paper series were initiated at NES. One series presents the recent research of NES-affiliated faculty and staff; the second series is devoted to the best papers prepared by NES students in their thesis work. Electronic versions of most of these papers are available through the NES homepage on the



World Wide Web. Forty-one (41) Best Student Papers, twenty-nine (29) Working Papers, and two Course of Lectures have been published in English and/or Russian. Five papers are in print now. The publications are disseminated in accordance to dissemination lists including the most prominent Russian universities and economic research institutes as well as Western transition economics research centers.

The list of NES publications for the AY 2000-2001 period appears below. A comprehensive list of NES publications appears in Appendix 4.

### **2000 Best Student Papers**

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- Manaenkov, D. A. What Determines the Region of Location of an FDI Project? An Empirical Assessment. – 60p. (Rus., Eng.); BSP/2000/036.
- Spryskov, D. S. Persistent Poverty in Russia. – 53p. (Rus., Engl.); BSP/2000/037.
- Ponomareva, M. V. Do Governors Project Firms from Paying Federal Taxes? – 47p. (Rus., Engl.); BSP/2000/038.
- Stepanov, S. S. Privatization of Natural Monopolies under Asymmetric Information. – 44p. (Rus., Engl.); BSP/2000/039.
- Ponomareva, N. B. Are There Positive or Negative Spillovers from Foreign-Owned to Domestic Firms? – 30p. (Eng.); BSP/2000/040.
- Makarov, I. I. Two Essays on Barter and Corporate Governance in Russia. – 32p. (Rus., Engl.); BSP/2000/041.
- Melentieva, N. Y. FDI in Russia: The Effect of Foreign Ownership on Productivity. – XXp. (Rus., Engl.); BSP/2000/042.

### **2001 Best Student Papers**

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- Shapiro, D. A. Political Incentives and Investment Climate. – 47p. (Rus., Eng.); BSP/01/043.

### **2001 Working Papers**

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- Andrienko, Y. V. Factors of Crime Growth in Russia: Regional Approach. – 56p. (Rus.); WP/2001/020.
- Tonis, A. I. State Patronage over Firms: A Model of Endogenous Regulation. – 40 p. (Eng.); WP/2001/021.
- Yudaeva, K. V., Kozlov, K. K., Melentieva, N. Y., and Ponomareva, N. B. Does Foreign Ownership Matter? Russian Experience. – 42 p. (Eng.); WP/2001/022.
- Vasin, A. A. and Vasina, P. A. Tax Optimization Under Tax Evasion. – 29 p. (Eng.); WP/2001/023.
- Marhuenda, F. H., Vasin, A. A. and Vasina, P. A. Tax Enforcement for Heterogeneous Firms. – 19p. (Eng.); WP/2001/024.
- Guriev, S. M. Rent-seeking and Barter in Russia. – 20 p. (Rus.); WP/2001/025.
- Polterovich, V. M. Rent-seeking, Tax Policy, and Economic Growth. – 43 p. (Eng.); WP/2001/026.
- Volchkova, N. A. Does Financial-Industrial Group Membership Affect Fixed Investment: Evidence from Russia. – 31 p. (Eng.); WP/2001/028.
- Zhuravskaya, E. V. and Ponomareva, M. V. Federal Tax Arrears: Liquidity Problems, Federal Subsidies, or Regional Protection? – 30 p. (Eng.); WP/2001/029.

## 2001 Course of Lectures

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Kolenikov, S. O.                      Applied Econometric Analysis with Stata. – 112 p. (Rus.); KL/2001/00.

## Selected Publications of NES Faculty

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The following is a partial list of the publications by NES faculty that appeared in peer reviewed international journals and working paper series from 2000 to 2001.

**Stanislav Anatolyev** "Conditional and Unconditional Correlatedness and Heteroskedasticity", *Econometric Theory (Problems and Solutions)*, 17(3), June 2001, Problem 01.3.2

**Stanislav Anatolyev** "Instrumental Variables Estimation of Heteroskedastic Linear Models Using All Lags of Instruments" (with Kenneth West and Ka-fu Wong), Working Paper, University of Wisconsin-Madison, August 2001

**Vladimir Danilov**, G. Koshevi, and K. Murota "Discrete convexity and equilibria in economics with indivisible goods and money" *Math. Soc. Sciences*, 41, 2001.

**Irina Denisova, Stanislav Kolenikov and Ksenia Yudaeva** "Child Benefits and Child Poverty" CEFIR Working Paper, October 2000.

**Sergei Guriev** (2001) *Mathematical Models of a Demonetized Economy* (In Russian). Moscow: Manager.

**Valery L. Makarov** (2000) "Sektor nauki i obrazovaniia kak proizvoditel'naia sila". *Sovremennye informatsionnye tekhnologii. Glavnyi vychislitel'nyi tsentr "Inturist"*, 77-99.

**Valery L. Makarov** (2000) "K vorposu o reforme federal'nogo ustroistva Rossii". *Sbornik Sochinenii III-go kitaisko-rossiiskogo simpoziuma po perestroiku ekonomiki, "Perspektiva ekonomiki Kitaia i Rossii v 21 veke.* Peking, China.

**Valery L. Makarov** (2001) "Fiscal Federalism as a way to protect a national style of life in the globalization process: Russian evidence". *Globalization and the World Economy: Changes and Challenges. An International Workshop*, M. Kuboniva and S. Watanabe, eds. *Institute of Economic Research, Hitotsubashi University*, March 2001.

**Valery L. Makarov** (2001) "Fundamental'naia nauka I obrazovanie: teoreticheskie probelmy integratsii". *Nayka I vysokie tekhnologii Rossii na rubezhe tret'ego tysiacheletia*, Moskva "Nayka", 2001.

**Valery L. Makarov, Sergei A. Aivazian, S. V. Borisova, E. A. Lakalin** (2001) "Ekonometricheskaia model' ekonomiki Rossii dlia tselei dratkosrochnogo prognoza I stsenarnogo analiza". *TsEMI RAN, Predprint # WP/2001/121.*

**Victor Polterovich** (2001) "Institutional Traps." In: *The New Russia: Transition Gone Awry*, L. R. Klein and M. Pomer, eds. PP. 93-116. Stanford: Stanford University Press.

**Victor Polterovich** (2001), Comments on William Lazonick, "Public and Corporate Governance: The institutional foundations of the market economy." UNECE, *Economic Survey of Europe*, No. 1.

**Victor Polterovich** (2001) Transplantation of Economic Institutions (In Russian). *Ekonomicheskaiia nauka sovremennoi Rossii*, No. 3, 24-50.

John Eatwell, Michael Ellman, Mats Karlsson, D. Mario Nuti, and **Judith Shapiro** (2000) *Hard Budgets, Soft States*, IPPR, London. (Also published in Bulgarian in Sofia, Spring 2001)

**Judith Shapiro** (2001) "Health and Health Care Policy". In: *Developments in Russian Politics 5*, Stephen White, Alex Pravda and Zvi Gitelman, eds. Macmillans (Palgrave), Basingstoke, England.

# GRADUATES AND ALUMNI

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## **Graduates - 2000-2001**

The following 21 students graduated from NES, and were granted degrees in the ceremony held on 11th July 2001. An additional 3 students from previous cohorts were also awarded their degrees during the AY 2000-2001, after completing their degree requirements. The Don Patinkin Prize for the top student in the graduating class was won jointly by Dmitry Shapiro and Andrei Rachinsky. At the ceremony, three students were recognized for the quality of their Master's theses. These included Dmitry Shapiro, Gennady Kassian and Alexey Ravitchev. Konstantin Styryn was recognized through a newly created award for the highest academic achievement and performance for his exemplary GPA.

- |  |   |
|--|---|
| 1. Denis Agentov                       | 13. Andrey Rachinsky – <i>cum laude</i> |
| 2. Galina Besstremyannaya              | 14. Alexey Ravitchev                    |
| 3. Ruslan Bikbov – <i>cum laude</i>    | 15. Sofia Revenko                       |
| 4. Andrey Bobyshev                     | 16. Dmitry Shapiro – <i>cum laude</i>   |
| 5. Mikhail Bonch-Osmolovsky            | 17. Konstantin Styryn                   |
| 6. Alexandra Burdyak                   | 18. Alexey Uvarov                       |
| 7. Mikhail Drougov                     | 19. Alexandre Vachtchilko               |
| 8. Pavel Grigoriev                     | 20. Andrey Vasnev                       |
| 9. Mikhail Karev                       | 21. Eugeny Yakovlev                     |
| 10. Gennady Kassian – <i>cum laude</i> | 22. Andrei Shumilov (Sept 2000)         |
| 11. Simon Polbennikov                  | 23. Alexandra Ksenofontova (Sept 2000)  |
| 12. Ekaterina Ponamareva               | 24. Tatiana Vatchilchko (July 2001)     |

## **Employment and Academic Placement of Alumni**

Approximately 50% of NES graduates have joined the workforce immediately upon graduation. With the first few graduating classes, those entering the workforce tended to be the weaker graduates while the stronger gained entry to PhD and other programs abroad. In the last two years before the financial crisis of August 1998 many of NES' top students were recruited before graduation. Some graduates have deferred their admission to PhD programs in order to assist in important policy and research work in various Russian Government Ministries. However, following the crisis more graduates had applied for PhD programs abroad as well as a number of graduates from the previous classes.

**NES Graduates are now employed in the following organizations in Russia:**

### **Russian Government**

- Deputy Minister of Economic Development and Trade
- Economic Expert Group, Ministry of Finance
- Analysts and Economists, Central Bank

### **Research and Policy Organizations & Institutions**

- Center for Economic and Financial Research (CEFIR), Moscow
- Institute of Financial Analysis, Moscow
- Russian-European Center For Economic Policy (RECEP), Moscow
- CEMI, Russian Academy of Sciences
- Russian Academy of Sciences
- USAID Projects, Moscow
- TACIS Projects, Moscow
- AL VEDI
- Barrents Group

### **International Organizations**

- IMF Research
- World Bank
- Eurasia Foundation

#### **Investment and Consulting Groups**

- Accenture (formerly Anderson Consulting)
- ArthurAnderson
- Boston Consulting Group
- Bain Link
- Deutsche Equity Derivatives
- Ernst & Young
- European Mergers & Acquisitions
- Jones Lang LaSalle
- JPMorgan
- KMPG
- NIKOIL Investment Banking Group
- ORION Capital Advisers
- PAC Consulting
- Pioneer Investment
- PriceWaterhouseCoopers
- RosBusiness Consulting
- Troika Dialog
- YUKOS

#### **Banks**

- ALFA Bank
- CreditSuisse First Boston
- Kuznetsky Most
- ING Barrings Multiple National Investment Bank
- Raiffeisen Bank
- Sobinbank

#### **Universities (Instructors of Economics)**

- NES
- Moscow State University
- Higher School of Economics
- Phys-Tech
- Kirov University
- Kazakhstan Institute of Management, Economics, and Strategic Research (KIMEP)

## **Study Abroad**

Students of the New Economic School have again successfully gained admission to some of the best PhD programs in Economics in the West. Almost all applying students have been offered full financial support for their continuing studies either in the form of fellowships or teaching/research assistantships.

This year 11 NES graduates will be entering PhD programs abroad. A further number will be embarking upon PhD studies in Russia. Eight graduates will be embarking on studies in the US, including one who has accepted a post-doctorate research posting at MIT. Others will be attending Yale, Columbia Business School, UNC, Duke, and Penn State Universities. Three graduates will be attending Western European universities such as SITE, Tilburg and Toulouse. As always, the accepted offers do not tell the complete story, as many students received multiple offers. (See Table 1 in this section.) Additional applications are expected to be submitted to Australian and New Zealand schools in the Fall of 2001.

These NES graduates pursuing PhDs abroad will take NES one step closer to realizing its goal of providing Russia and the former Soviet Republics with a new generation of fully qualified economists who can assist in the dissemination of economics skills within the former Soviet Union. The first five PhD graduates of NES (one each from Harvard, MIT, and Manchester, Wisconsin-Madison, and Australian National), completed their studies, came back to Russia and are involved in teaching and research at NES. An additional tenure-track position was offered this year to Konstantin Sonin (NES '98) after he completed his post-doctorate at Harvard University.

Table A below shows the list of PhD offers to NES students this year. Bolded lines indicate the final location of graduates. Table B shows the composite list of universities where NES graduates are undertaking PhD studies.

TABLE 1. A. OFFERS FROM UNIVERSITIES 2000-2001

UNIVERSITY	STUDENT	TUITION WAIVER (TW) OR ADMISSION ONLY (AO)	FELLOWSHIP (F) OR ASSISTANTSHIP (TA/RA)
Barcelona	Andrei Vasnev	AO	NA
Boston University	Mikhail Bontch-Osmolovskii	AO	NA
University of California – LA	Gennady Kassian	AO	NA
<b>University of Southern California</b>	<b>Alexei Ravitchev</b>	<b>TW</b>	<b>F (YR1&amp;5); TA (YR2-4)</b>
University of Southern California	Alexandre Vachtchilko	TW	F (YR1&5); TA (YR2-4)
Cambridge University	Mikhail Drougov	Conditional Admittance	Short listed
University of Chicago	Dmitry Shapiro	TW	F (YR1 – YR2); TA (YR2-3)
University of Chicago – BS	Daniil Manaenkov*	Wait Listed	NA
<b>Columbia BS</b>	<b>Ruslan Bikbov</b>	<b>TW</b>	<b>F; RA/TA</b>
<b>Duke University</b>	<b>Alexandre Vatchilko</b>	<b>TW</b>	<b>F; travel</b>
Indiana University	Alexei Ravitchev	TW	F (YR1-5); TA/RA (YR2-5)
Indiana University BS	Daniil Manaenkov*	AO	NA
London Business School	Ruslan Bikbov	TW	F
University of Maryland	Semen Polbennikov	AO	NA
MIT/Sloan BS (Finance)	Andrei Rachinsky	AO	Wait Listed
<b>MIT – Visiting Scholar</b>	<b>Natalia Volchkova*</b>	<b>Unpaid Research Position</b>	
University of Michigan – Ann Arbor	Mikhail Drougov	AO	NA
University of Michigan – Ann Arbor	Daniil Manaenkov	AO	NA
University of Michigan – Ann Arbor	Alexandre Vachtchilko	AO	NA
Michigan State University	Alexandre Vachtchilko	AO	NA
<b>University of Minnesota</b>	<b>Daniil Manaenkov*</b>	<b>TW</b>	<b>F; TA</b>
<b>Univ. of North Carolina - Chapel Hill</b>	<b>Mikhail Bontch-Osmolovskii</b>	<b>TW</b>	<b>Carolina Population Center Predoctoral Traineeship</b>
Univ. of North Carolina-Chapel Hill	Alexandre Vachtchilko	TW	TA (YR1-4)
Northwestern University	Dmitry Shapiro	TW	F (YR1-2); TA/RA YR3-4; Summer Stipend (YR1)
Oxford University	Mikhail Drougov	AO	NA
Pennsylvania State University	Alexandre Vachtchilko	TW	TA
<b>Pennsylvania State University</b>	<b>Tatiana Vachtchilko*</b>	<b>TW</b>	<b>TA</b>
Purdue University, Krannert School of Management, Faculty of Economics	Alexei Ravitchev	TW	TA/RA; 2 travel grants/year for conf
<b>SITE, Stockholm School of Economics</b>	<b>Irina Slinko*</b>	<b>TW</b>	<b>RA</b>
University of Texas-Austin	Semen Polbennikov	AO	NA
<b>Tilburg Univeristy</b>	<b>Semen Polbennikov</b>	<b>TW</b>	<b>F; TA/RA??</b>
Tilburg University	Alexandre Vachtshilko	TW	F; TA/RA

<b>Universite de Toulouse</b>	<b>Mikhail Drougov</b>	<b>Partial TW</b>	<b>½TA/RA; Soros Fellowship</b>
Univ. of Wisconsin-Madison	Mikhail Drougov	AO	NA
Univ. of Wisconsin-Madison	Daniil Manaenkov*	AO	NA
Univ. of Wisconsin-Madison	Andrei Vasnev	AO	NA
Univ. of Wisconsin-Madison BS	Daniil Manaenkov*	AO	NA
<b>Yale University</b>	<b>Dmitry Shapiro</b>	<b>TW</b>	<b>F (YR1-4); Growth Center Prize (YR1-4); Summer Fellowship (1 year only)</b>

**Bolded** text denotes those offers that have been accepted by applicants.

\*Denotes NES Alumni Application Status.

\*\* Denotes offers that include health insurance and/or medical benefits.

TABLE 1.B. COMPOSITE PH.D PLACEMENTS 1994-2000

INSTITUTION	94-00*	00-01	01-02	TOTAL
Australian National University	4	1		5
Boston University	5			5
Brandeis University	1			1
Brown University	2			2
University of California, Berkeley	1			1
Cambridge University	2			2
Carlos III, Madrid	1			1
Carnegie Mellon	1			1
Catholic University of Leuven	2			2
University of Chicago (Economics)	1	1		2
Chicago Graduate School of Business	3			3
Columbia University	1			1
Columbia Business School			1	1
Cornell University	1			1
University of Delaware	1			1
De Montford University, UK	2			2
Duke University	3	1	1	5
Universite de Geneve		1	1	2
Harvard University	6	1		7
Hebrew University	1			1
Indiana University, Bloomington	3			3
John Hopkins University	1	1		2
U. Libre de Bruxelles		1		1
London Business School	3			3
Maastricht, Netherlands	1			1
University of Maryland	1	1		2
MIT	5	1		6
University of Michigan, Ann Arbor	3			3
MPSE, Toulouse	2	1	1	4
New York University	1			1
University of North Carolina	1	1	1	3
Northwestern University	2	3		5
Oxford University	1			1
University of Pennsylvania	2			2
Pennsylvania State University	8		1	9
Pittsburgh University	1			1
Pompeu Fabra, Barcelona	1			1
Rochester University	3			3
Rutgers University	1			1
University of Southern California	1		1	2
Stanford Business School	1			1
Stockholm School of Economics	3	1	1	5
Tilburg University, Netherlands	4		1	5
University of Toronto	1			1
University of Virginia		1		1
University of Washington (St Louis)	2			2
Wharton, Univ. of Pennsylvania	1			1

University of Wisconsin-Madison	7			7
Western Ontario University	1			1
Yale University	5		1	6
<b>Totals</b>	<b>104</b>	<b>16</b>	<b>10</b>	<b>130</b>

\* This column provides the number of NES graduates who entered a particular program during the years 1994-2000.

## **Alumni Association**

The NES Alumni Association continues to play an important role in the activities of the school. Two Annual Meetings were held during AY 2000-2001, one each in December 2000 and June 2001. Over 50 alumni attended each of the meetings, with others sending greetings via email or through attendees. Additionally, during the June 2001 meeting, a simultaneous virtual meeting took place through the internet, enabling those who could make the journey to Moscow to post comments and gather for discussions of NES and alumni business.

Several marketing surveys have been distributed among graduates in order to help NES accomplish its strategic goals and to improve its academic program. The Professional Development Club has been established through cooperation between current students and graduates.

The Alumni Club has also financed new equipment for the academic purposes of the School.

The Alumni Association of NES established a Board of Directors, which at present includes the following officers:

Arkady Dvorkovitch (Class 94)	<b>Secretary</b>
Sergey Prudnik (Class 95)	<b>Deputy Secretary</b>
Zarema Kasaabieva (NES Dean of Students)	<b>NES Administration Representative</b>
Elena Smirnova	<b>Coordinator</b>
Ekaterina Zhuravskaya	<b>Member-at-Large</b>
96-99 Class Representatives	

The main aims of the Association are:

- updating and maintaining a database with information on all NES graduates;
- creating an information database of potential employers for NES graduates, and keeping contacts with them;
- creating an information database of economic (scientific and business) conferences and seminars taking place in Russia and abroad;
- providing possibilities for graduates to hold seminars and lectures at NES and other educational institutions;
- creating an ALUMNI Home Page on the Internet;
- providing assistance to NES conferences, recruiting activities and graduation parties at NES;
- advertising the achievements of NES;
- participation in NES research projects and publications;
- publishing a monthly periodical for NES graduates; and,
- participation in mapping the future development of NES.

Alumni continue to adhere to these aims. During AY 1999-2000, the following activities were completed through the Association:

- An Alumni Directory was created and distributed to all interested graduates, to NES staff and faculty, and made available electronically for those abroad;
- The Association helped in the creation of the new NES website;
- Alumni are informed of all Public Seminars, conferences, Open House events, and Graduation, and continue to be active participants in these events;
- Alumni gave presentations at both the GET conferences and at Public Seminars throughout the year;



- Alumni helped in recruiting new students to NES through participation in education and career exhibitions in Moscow and through advertizing to friends, businesses, and educational institutes where they are currently employed;
- Alumni gave presentations at our Open House events in the spring, discussing how NES has benefited their careers in the public and private sectors in Russia;
- Alumni provided donations of books to the library, mostly from those who are currently studying abroad;
- Alumni have continued to be active members of GET projects, either as project leaders or as research assistants;
- Alumni have worked at NES as teaching assistants, as visiting professor (those who are currently studying abroad), and helped in outreach workshops;
- Alumni have continued to assist other graduates and second-year students to find positions in the public and private sectors. Various Alumni have provided job announcements to NES students and graduates, given presentations on how to find a job, and what to expect from the interview process;

NES, in cooperation with the Alumni Association, is doing its best to keep track of where its graduates are employed or studying. Presented in Appendix 5, the list is arranged by class, and is as complete as possible at the time of writing. Details are provided for each of the Graduating classes from 1994 to 2000.

## **COOPERATION WITH OTHER INSTITUTIONS AND ORGANIZATIONS**

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In Russia NES is constantly expanding its network of cooperation with other institutions of higher education, research and policy organizations, government agencies, and corporations in the public and the private sector. This is partly a natural outcome of the placement of graduates of NES in positions in these institutions and partly a result of the deliberate efforts on our parts as detailed below. NES is also cooperating with other international programs in Russia, like EERC and OSI Russia, and with other higher educational programs in Eastern Europe and the former Soviet Union, mostly through OSI.

### ***Center for Financial and Economic Research (CEFIR)***

CEFIR is an independent think tank of international standard that brings together 20 young Russian economists, including the first Russians with PhD's from leading Western institutions (MIT, Manchester, Harvard and Michigan). The group was initially brought together in 1998 through the support from the European Union, under the RECEP (the Russian-European Centre for Economic Policy) project then managed by the Stockholm Institute of Transition Economics (SITE, Stockholm School of Economics). In autumn 2000, SITE founded CEFIR as a new Russian institution in collaboration with the Centre for Economic Policy Research (CEPR) in London and partner Russian institutions including NES.

NES and CEFIR continue to cooperate on capacity-building in Russia and the CIS. This year, two joint appointments were made, bringing Western-trained professional economists back for teaching and research. Tenure-track appointments were offered to Constantin Sonin (NES, 98; Harvard University Post-Doctorate) and Oleg Zamulin (Michigan 2001). Additionally, joint seminars are held with the full participation of NES and CEFIR.

### ***Economic Education and Research Consortium (EERC)***

During the academic year of 2000-2001 NES hosted 3 Methodological Seminars for prospective grantees of the EERC Russian program. The EERC's Methodological Seminar Series is designed to enlarge the pool of adequately trained researchers in Russia and to provide network members with enhanced professional development opportunities. NES faculty, including both visiting and tenure-track members, were deeply involved in teaching at the Series.

By the end of June six visiting fellows from Russian universities – Novosibirsk State U., Krasnoyarsk State U., Saratov State U., and Udmurtiya State U. -- spent 2 months each at NES. During this stay they attended at least two courses during a module for NES students, worked at the NES library and computer labs, and consulted with our faculty. All these efforts will allow them to present a more mature research project to the EERC grant competition. From the fifth module of AY 2000-2001, the offer to become visiting fellows was extended to any applicant based on a tuition fee of \$720 per course and minimum academic requirements.

### ***Global Development Network (GDN)***

The Global Development Network (GDN), supported through World Bank funding, is a global initiative aimed at knowledge generation and information sharing for the development and implementation of sustainable policy. The GDN seeks to strengthen the capacity of research and policy institutions to undertake high-quality, policy-relevant research and to move research results into policy debates, at national and global levels. NES was selected by the GDN as a partner institution and as one of the Regional Development Networks, and was an active participant of the GDN Launch, in Bonn, Germany, December 1999. At the Second Annual Global Development Conference, in Tokyo, Japan in December, faculty and staff of NES were again active participants. Representatives of NES who attended included Sergei Guriev, Irina Denisova (CEFIR & NES), Victor Polterovich, Vanessa Fuller, Ekaterina Zhuravskaya (CEFIR & NES), Yulia Kossykh (NES graduate), and Andrei Sarychev (NES graduate). Faculty of NES presented their research results, and the achievements and future goals of NES were discussed with GDN attendees in a kiosk shared with EERC and CEFIR at the Knowledge Marketplace. Two Research Medal Awards (\$10,000 and \$5000) were presented for the best completed research papers

submitted in the five topic areas specified. Two medal winners for the *Institutional Dimensions of Market Economy* topic were awarded to Sergei Guriev, and to Yulia Kosykh and Andrei Sarychev. NES faculty continue to play an active role in the GDN's Global Research Project.

## **The EU and Its Institutions**

In addition to the indirect relations through RECEP and SITE, NES also has close relationships with Tilburg University and a number of other universities in member countries (e.g., England, Belgium, Spain). In addition to the placement of graduates in PhD programs, a number of Russian faculty participated in training programs and course development at Tilburg. A few years ago NES won 5 research awards under the ACE program, but then the program was discontinued. NES continues to foster closer and direct cooperation with the EU in its academic, research and outreach programs.

During AY 1999-2000, a joint proposal was submitted to TEMPUS through the cooperation of Toulouse University for the funding of Russian students wishing to pursue PhDs in EU member countries. Due to the length of time it took for the European Commission to release funds, and the impending deadline for AY 2000-2001 applications, the consortium revised last year's proposal and resubmitted to TEMPUS. However, the revised proposal included only students from NES, rather than also including students from EERC-Kyiv. Provisions include full financial support for up to twelve (12) Russian students to travel to select universities for PhD studies, summer schools in Eastern Europe, and coordination meetings between the partner institutes resource persons. The proposal was submitted through the cooperation between Toulouse, NES, Universitat Autònoma de Barcelona, Université Libre de Bruxelles, University College London, Universitat Mannheim, Stockholm School of Economics-SITE, and CentER of Tilburg University.

## **Club 2015**

From April, 2001, NES started a series of lectures, presented by the members of the Club 2015 – a cohort of Russian managers and entrepreneurs, representing Russia's New Economy. The series, called "Top-managers of Russia for NES students" helps NES students to acquire practical insight, see examples of successful business careers in Russia, as well as simply meet with bright people, representing leading Russian companies, such as Gradient, Kaskol, Ward Howell, and Vympelcom. Thus far, four lectures have taken place, devoted to Russian business and management, the role of the mafia in the Russian economy and company restructuring.

The mission of Club2015 is to develop and launch positive developments for Russia's economy. NES Professor Sergei Guriev is taking part in the Club's Development for Russia Project as one of 30 outside experts, as well as co-directing a joint Club 2105 and CEFIR policy paper on Russia's WTO accession. Cooperation with Club 2015 provides wider opportunities for NES graduate placement. This summer current students worked as interns for such companies, as Ward Howell International, Troika Dialog, and NIKoil.

## **Academic Partnerships**

NES has been approved as a Resource Center in economics for the Open Society Institute Megaproject "Development of Higher Education in Russia". It has developed a program of partnership with two major provincial universities, Ural State University and Voronezh State University, with an additional partnership with Far East State University begun in 2001. The program is designed to develop the skills of the faculty and to enhance the resources of the departments in regional universities in order to bring them up to international levels in terms of quality of teaching and research.

## **The Institute for Advanced Studies, Hebrew University**

The Institute for Advanced Studies at the Hebrew University ran its 12th Jerusalem Summer School in Economic Theory. The topic this year was *Environmental and Resource Economics*. Five second year students (Mikhail Drougov, Simon Polbennikov, Andrei Rachinsky, Dmitry Shapiro, and Andrei Vasnev) attended the School which took place in June 2001. Financial support was kindly provided by the Hebrew University in the form of fee waivers while NES covered travel expenses.

# OUTREACH

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During AY 2000-2001, the New Economic School continued outreach activities started in 1998. The main goal of these activities was to disseminate NES expertise among Russian provincial universities. The NES Outreach Center has taken advantage of NES core academic faculty to achieve its goal via two main tools:

1. week-long workshops in economics and econometrics; and
2. long-term academic partnership with selected economics departments at provincial universities.

NES has also served as a host to a number of EERC workshops. During AY 2000-2001, four workshops were held at NES in cooperation with EERC. The topics of these workshops included the Economics of Regulation (October, 2000), Microeconomics and Labor Issues in Transition Countries (November, 2000), and two workshops specifically dealing with econometrics including Estimation and Inference in Econometrics (November, 2000), and Time Series Analysis (April, 2001).

NES Outreach Center has developed a homepage within the NES website which hosts detailed reports on all the outreach activities.

## **Outreach Workshops**

In AY 2000-2001 NES organized two (2) introductory workshops in econometrics in Vladivostok (October 2000) and Vilnius (July 2001). Advanced workshops for the top students from the introductory workshops were held in Kislovodsk (May 2001) and Moscow (May 2001). Also, the Center organized a workshop on the econometrics of financial markets in St. Petersburg (September 2001) for professors from various Russian universities. Workshops on microeconomics took place in Tomsk (February 2001), and Kostroma, Vladivostok (June 2001), with an advance workshop in Ekaterinburg (March 2001). Microeconomics workshops were provided in Novosibirsk (September 2000) and Irkutsk (June 2001).

The workshop in Vilnius was the Outreach Center's first international event. It gathered participants from three countries - Lithuania, Byelorussia, and Russia - and was highly successful in attracting paying participants. Unlike most workshops, travel and accommodation, in addition to registration fees were the responsibility of the participants. The St. Petersburg workshop became the first such experience, where NES charged fees to compensate for meals and handouts, while participants were responsible for their travel and accommodation. The Vilnius workshop gathered participants from Lithuania, Byelorussia, Moldova, and Russia, including the Far Eastern cities of Vladivostok and Magadan.

Each workshop is designed specifically for the universities of the corresponding region of Russia, is one week, and includes 40 academic hours of teaching plus homework. Each is designed to teach half a semester of a graduate course. The 20-25 participants in each workshop are academics from regional universities and institutes. It is intended that they will be able to impart the knowledge gained from the workshops to staff and students at their own institutions upon their return.

Due to the distribution of information about NES at every workshop, more visiting scholars and students were attracted to NES. Outreach activities induced participants and their colleagues to collaborate at other conferences and are facilitating the creation of a wide network of regional university academics.

As mentioned previously, the recruiting activities were expanded this year at NES, and the Outreach Center combined their efforts with those of the Admissions Committee. At every workshop, information about NES was distributed to participants and individuals in the region, and information regarding the admissions process was provided to students, faculty, and departments. Outreach personnel greatly aided our ability to quickly and effectively organize the Open House dates through their network of colleagues and past-participants in the workshops.

NES held its second summer school for provincial faculty in and July-August 2001. Over forty participants from all over Russia and CIS took courses in advanced micro- and macroeconomics and

public economics. They also attended a series of presentations by NES faculty on modern research in transition economics. Participants enjoyed the opportunity to use the NES library and photocopying papers and chapters they needed for their own research and teaching.

## ***Open Society Institute Megaproject "Development of Higher Education in Russia"***

One important way NES is contributing to the improvement of academic standards in Russian provincial universities is through long-term academic partnerships. NES has been approved as the Resource Centre in Economics for the Open Society Institute Megaproject "Development of Higher Education in Russia". NES has developed a program of partnership with three departments of economics (Ural State University, Voronezh State University, and Far Eastern State University). The program includes both faculty development and enhancement of resources at these departments to bring them up to NES standards in a period as short as three years. NES has received funding from the Open Society Institute for the main part of the program.

All three universities are key academic institutions in their regions. The goal of these partnerships is to disseminate the unique experience that NES has in teaching and conducting research in modern economics, and to train the faculty so these universities become regional centers of excellence in economics.

The Academic Partnership program includes joint seminars and workshops, summer schools, course development (including distance learning), library and travel grants, and provincial faculty placement at NES and abroad.

In 2000-2001, NES hosted junior faculty of provincial universities as visiting fellows allowing them to take courses, participate in NES research activities and work in NES library and computer lab. Two fellows were in Moscow at NES during each module of the Academic Year.

NES launched two joint research projects with provincial partners: one on social policy and poverty in Russia and one on foreign direct investments. NES has also taken part in course development efforts advising regional faculty in the design of courses in micro- and macroeconomics, public economics and labor economics.

# FACILITIES

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## **Library**

Up-to-date, specialist libraries are somewhat of a rarity in Moscow. However, the New Economic School's library, with its wide selection of current international economics journals, sets of the world's most current economics texts, and up to the minute electronic research databases, is an exciting and growing resource for economics researchers, faculty and graduate students. Funded through the Soros and Eurasia Foundations for its operations and acquisitions program, the library also receives generous donations from individuals and organizations interested in supporting the School in its quest to train its elite group of young Russians students. In addition to students, faculty and researchers at NES and GET the library is open to NES alumni, RECEP and EERC researchers, as well as economists from other Russian educational and research institutes, professional economists in the public and private sectors in Russia and visiting scholars from abroad.

A contract for cooperation between NES and the Moscow Shannin School of Social Science was signed this year so that faculty, staff, and students from both schools may access one another's library collections. Additionally, NES library users now have access to the libraries of Moscow OECD office and the United Nations Information Center. Our library staff arranges for library holdings from these two collections to be made available to NES users upon request.

In 2000-2001 the library expanded its collection thanks to a grant from the Higher Education Special Program (HESP) through the Open Society Institute. Three hundred new titles were added to the library's holdings, including current textbooks, materials on economies in transition and the history of the Soviet Economy, and periodicals, including IMF materials.

All teaching materials for courses taught at NES since 1993 are now available in the Library Data Base. A renovation of the Library has meant extra space for storing books and an enlargement of the reading room to about 55 sq meters.

Currently, the library holdings include over 3,500 individual titles of economic books, 60 different textbook titles, more than 10,000 individual journal issues, and 50 annual subscriptions to economic journals. Since August 2001 thanks to support from the Mc Arthur Foundation Company, NES has signed a license agreement with JSTOR. Thus, all authorized users on the computer network at NES now have access to the JSTOR Arts & Science Collection. The most important journal subscriptions include the following:

American Economic Review & Journal of Economic Perspectives	European Journal of the History of Economic Thought
Brooking Paper on Economic Activity	European Journal of Political Economy
Cambridge J. of Economics	Games and Economic Behavior
Eastern European Economics	International Economic Review
Econometric Theory	International Journal of Game Theory
Econometrica	International Journal of Industrial Organization
Economic History Review	Journal of Applied Econometrics
Economic Journal	Journal of Development Economy
Economic Policy	Journal of Comparative Economics
Economic Theory	Journal of Corporate Finance
Economica-London	Journal of Economic History
Economic Letters	Journal of Economic Literature
Economics of Planning	Journal of Economic Theory
Environment and Planning-Government and Policy	Journal of Evolutionary Economics
Europe-Asia Studies	Journal of Corporate Finance
European Economic Review	Journal of Finance
	Journal of Financial Economics
	Review of Financial Studies (Kindly donated)

Journal of Industrial Economics  
Journal of International Economics  
Journal of Labor Economics  
Journal of Mathematical Economics  
Journal of Monetary Economics  
Journal of Money, Credit and Banking  
Journal of Political Economy  
Journal of Public Economics

Oxford Economic Papers  
Public Choice  
Quarterly Journal Of Economics  
Rand Journal of Economics  
Review of Economics and Statistics  
Review of Financial Studies  
Resource and Energy Economics  
Scandinavian Journal of Economics

## **Computer Resources**

Most computing activity at NES centers around the networked Pentium and Pentium II PCs that are located in the computer laboratories and offices of NES. Currently most of the computers are Pentium II class machines, allowing us to run advanced modern software. The entire computer environment is built around the network and provides easy, fast and reliable communication and sharing of data and software. There are over 50 computers, including those in two PC laboratories and in the Research Center, on the network. High-quality networked laser printers are available for users.

NES computing technologies are built using various platforms and techniques. Linux, a free operating system, which has gained popularity in recent years for its robustness and reliability, is at the core of the local area network for file and print services. Linux runs all Internet related services, such as the World Wide Web and e-mail. Linux systems also handle security issues, since all computers have been outfitted with direct access to the Internet. Desktop computers run on the Windows operating system, which allows users to access a number of available software packages in addition to including the de-facto standard set of Microsoft Office components. Various econometrics software packages are available on the LAN together with a variety of datasets. Data is accumulated in several databases and occupies more than 8GB at the time of writing.

The Internet connection was developed as a number of dedicated connections to various networks. Domestic Internet traffic was expanded and improved in conjunction with the CEMI Internet project, which offers a 100Mbps backbone with a link to the major Moscow ISPs (Internet Service Providers) traffic exchange point. NES also established a dedicated connection to the Mirnet network – a gateway to the Internet2, which is at the forefront of the future growth of NES's Internet based projects. NES also established a dedicated connection to provide faster Internet access to sites located outside of Russia.

The Internet facilities include a comprehensive set of services including e-mail and Worldwide Web servers. NES has improved and updated its homepage with official information about the school together with various data developed by students. The website includes information in Russian and English. Abstracts of research completed by NES graduates, working papers and Best Student Papers are also now available at our web site.

We are working on expansion of the environment for increased ease and frequency of communication between NES alumni abroad and NES staff, faculty and students in Moscow and around the country. This expansion will continue as computing technology becomes more sophisticated.

## FINANCES

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The primary source of funding for NES continues to be major foundation grants, principally major grants from the Soros Foundations (mainly through HESP--the Higher Education Support Program--but also through OSI and OSI Moscow), the Eurasia Foundation, the John D. and Catherine T. MacArthur Foundation, and the Ford Foundation. These foundations continue to form the core of support as in past years. We have in recent years increased our efforts to widen the funding base and to secure long-term funding. In addition, NES has instituted a program of tuition that is combined with a student loan fund. The importance of this tuition program will grow in the future.

### **Major Funders: Soros, MacArthur, Ford, and Eurasia Foundations**

During the Academic year 2000-2001

- The Soros Foundations (HESP, NSP, OSI Moscow) grants supported operating costs of the School, including governance, administrative staff salaries, Russian professor salaries and Western faculty teaching. In addition, Soros grants supported academic partnerships with other universities and the cost of placement of NES graduates in western PhD programs (but not stipends).
- The Ford Foundation supported the research program at NES, including research projects, student research fellowships and Internet access. In addition, Ford grants supported recruitment of new tenure-track faculty.
- The John D. and Catherine T. MacArthur Foundation supported operating costs of the School, and the activities of the NES Outreach Center. In addition, MacArthur grants supported recruitment of new tenure-track faculty.
- The Eurasia Foundation provided support for the operating costs of the School. In addition, it supported efforts to create new revenue generating activities.

### **Diversification of Financial Support**

Starting from the academic year 1999-2000, NES has been supported by the Russian National Training Foundation. The National Training Foundation supports innovative activities in economics education in Russia. During the 2000-2001 the NTF partially sponsored seven courses taught at NES, three outreach workshops, and seven research projects. In addition, this grant supported the participation of NES faculty in the American Economics Association meetings in New Orleans, January 2001, where we recruit returning PhDs.

In June 2001 the World Bank awarded NES a three-year grant for capacity building. Having the World Bank become a major long-term supporter of NES is a very positive development.

### **Russian Advisory Board Established**

In February 2001 the Russian advisory board of NES met for the first time. This board has become a key NES resource for strategic advice. The membership of the RAB (see the list of members in the governance section) consists of prominent professional economists and businessmen, many of whom have played a major role in Russian economic reform. The main areas of RAB and NES interactions are:

- Increasing NES visibility in the Russian and Moscow economic and business community
- Widening fundraising opportunities in Russia
- NES strategic development
- Cooperation with NES in reversing the brain drain.

### **Cost Recovery and Self-financing:**

Beginning with the academic year 2001-2002, NES has instituted tuition at the rate of \$2000 a year. Currently, the program applies only to students in the bottom sixth of the entering class. All students subject to tuition may obtain a student loan from AFNES, payable once they have graduated and taken a job. The loan carries a subsidized interest rate. This program enabled NES to enroll 10 new students in



the current academic year. The strategic plan calls for this to grow significantly in future years, until approximately 70% of students are on the tuition-loan system.

During 2001-2002, 4 students from Kazakhstan were admitted to NES on tuition payment basis, with fees and living expenses covered through a grant from the Eurasia Foundation Central Asia regional office. One of the first year students won an International Fellowship Program funding, which covers tuition fees and living expenses. An additional 7 visiting fellows from Central Asian Departments of Economics are studying at NES under a program sponsored by the CARANA Corporation. We also have 6 visiting fellows from PhyzTekh (a leading Russian technical university) and a few visiting fellows supported by EERC's Research Capacity enhancement program, who attend selected courses at NES. Through each of these programs we have exceeded the target level of 100 entering students, 30 of which are on a tuition payment basis.

NES also collects revenues from application (\$20) and admissions fees (\$150) from perspective students. Preparatory courses in English and Mathematics have been expanded. We now offer 6 times as much instruction (in academic hours) in comparison with the previous years, including two half-year long programs and preparatory course in Math in Novosibirsk. At the same time a separate program in math, English and economics, aiming at NES entrance exams preparation, was conducted in Almaty by the local Institute of Economics and Finance.

### **American Friends of NES (AFNES)**

American Friends of NES (AFNES), a tax-exempt, non-profit corporation was established in the USA in early 1996. AFNES is the conduit for NES's activities outside of Russia. The main purpose of AFNES is to serve as a fundraising and public relations organization in support of the New Economic School. AFNES is the spearhead of NES's efforts to raise funds in the West. Through AFNES, efforts are currently being made to gain significant support from private foundations in the United States.

#### **AFNES Board of Directors**

Barry W. Ickes  
Roman Frydman, New York University  
Herbert Levine, University of Pennsylvania  
Gur Ofer, Hebrew University of Jerusalem  
Craufurd D. Goodwin, Duke University

**President and Treasurer**  
**Secretary**

#### **AFNES Financial Committee**

Barry Ickes, Pennsylvania State University.  
Gur Ofer, Hebrew University of Jerusalem  
Oxana Budjko, New Economic School

# GOVERNANCE

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The primary governing bodies of the school are the International Advisory Board, the Russian Advisory Board, the Rectorate, and the Academic Committee. A Research Committee and a Directorate govern the NES Research Center.

## ***The International Advisory Board (IAB)***

The IAB, together with the principal Russian office holders from the Rectorate, supervise all major academic, institutional, personnel, and financial decisions.

Its current membership is as follows:

Professor Gur Ofer (Hebrew University), **Coordinator**  
Academician Valery Makarov (Director of CEMI and Rector of NES)  
Professor Beth Allen (University of Minnesota)  
Professor Erik Bergloef (SITE, Stockholm School of Economics)  
Professor Olivier Blanchard (Massachusetts Institute of Technology)  
Professor Roman Frydman (New York University and the Central European University)  
Professor Bronwyn Hall (University of California, Berkeley)  
Professor Barry W. Ickes (Pennsylvania State University)  
Professor Jan Magnus (Tilburg University)  
Professor Victor Polterovich (CEMI and NES)  
Professor Gerard Roland (ECARE)

The IAB met on Sunday, 5 November 2001. Reports on the following were issues were presented to the IAB:

- \* Students (Zarema Kassabieva)
- \* The Academic Program (Gur Ofer)
- \* New Academic Program: the Applied Program (Barry Ickes)
- \* The Admission Process (Zarema Kassabieva)
- \* Space and related Issues (Valery Makarov)
- \* The Research Center (Victor Polterovich)
- \* Outreach (Sergei Guriev)
- \* Hiring and Finance (Barry Ickes)
- \* Contracts for non-tenured faculty (Gur Ofer)
- \* Placement of Graduates (Vanessa Fuller)
- \* Cooperation with CEFIR and EERC (Gur Ofer, Eric Livny)
- \* Tuition and Student Loan Fund (Barry Ickes)

Additionally, the IAB discussed the adoption and implementation of the Strategic Plan for NES, spearheaded by Valery Makarov and Gur Ofer. This included the academic and governance implications, specifically the creation of the Russian Advisory Board.

## ***The Russian Advisory Board (RAB)***

The Russian Advisory Board was created in 2001 in efforts to implement the newly created Strategic Plan of NES. The founding meeting took place on 18 April 2001.

Established in late February, 2001 the Russian advisory board of NES is one of the major resources for strategic advice. The members of the RAB, being professional economists and businessmen, highly appreciate NES' efforts in developing economics as a profession in Russia. They also realize that NES cannot fulfill its mission alone and are ready to provide maximum support to the NES transition stage, so that the trademark of NES does not suffer, and the distinct quality of education will be maintained. The main areas of RAB and NES interactions are:

- Increasing NES visibility in the Russian and Moscow economic and business community;

- Widening fundraising opportunities in Russia;
- NES strategic development advise;
- Cooperation with NES in the retention of indigenous professionals.

The current membership of the RAB is as follows:

Peter Aven, President, AlfaBank  
 Sergei Aleksashenko, Deputy Director, InterRoss Holding Company  
 Maxim Boycko, Director, Video International Group  
 Mikhail Dimitriev, First Deputy Minister, Ministry of Economic Development and Trade of the Russian Federation  
 Arkady Dvorkovich, Deputy Minister, Ministry of Economic Development and Trade of the Russian Federation  
 Yegor Gaidar, Director, Institute for the Economy in Transition  
 Murad Sargsyan, Director, Restoration-Construction Building Concern "LUSINE"  
 Yakov Urinson, Deputy Chief Executive Officer, Russian Joint Stock Company "Unified Energy System of Russia" (RAO UESR)  
 Ruben Vardanyan, President, Troika Dialog  
 Sergei Vasiliev, Member of the Academic Board, Carnegie Moscow Center; President, The Leontief Centre, International Centre for Social and Economic Research, St. Petersburg  
 Andrei Vavilov, Director, Institute for Financial Analysis  
 Sergei Vorobiev, Managing Partner, Ward Howell International  
 Oleg Vyugin, Chief Economist, Executive Vice-President, Troika Dialog  
 Aleksandre Zakharov, Director, Moscow Interbank Stock Exchange (MICEX)

## **The Rectorate**

The Rector of NES is Academician Valery Makarov, who works in cooperation with an International Advisory Board and heads up the Rectorate which manages the day to day operations of the School. The following constituted the Rectorate in 2000-2001:

Rector	Academician Valery Makarov
Vice Rector	Professor Alexander Friedman
School Academic Secretary	Valentina Krupina
Dean of Students	Zarema Kassabieva
Academic Coordinators	Professor Anthony Shorrocks (until 1.01) Professor Judith Shapiro (after 1.01)
Head of the Academic Committee	Professor Victor Polterovich
Administrator, Financial officer	Oxana Budjko
Academic Administrator	Evgeniya Nikolaeva
Head of Computer Dept	Sergei Makarov
Head Librarian	Karina Ter-Akopian
English Teaching Unit	Olesya Marenkina
Chief Accountant	Tatyana Komarova

## **Academic Committee**

The Academic Committee is formed from IAB members, professors and lecturers, the Dean of Students and representatives of the NES principal officer holders. The composition of the Committee was approved by the Rector and based on IAB recommendation. The composition for 2000-2001 was as follows:

Professor Victor Polterovich	<b>Chair</b>
Professor Anthony Shorrocks	<b>Resident Coordinator (until 1.01)</b>
Professor Judith Shapiro	<b>Resident Coordinator (after 1.01)</b>
Professor Pavel Katyshev	<b>Secretary</b>
Professor Sergei Aivazian	
Professor Stanislav Anatolyev	

Professor Revold Entov  
 Professor Alexander Friedman  
 Professor Sergei Guriev  
 Zarema Kassabieva  
 Valentina Krupina  
 Academician Valery Makarov  
 Evgeniya Nikolaeva  
 Professor Gur Ofer  
 Professor Kirill Soussonov  
 Karina Ter-Akopian

## **Admissions Committee**

This committee has responsibility for all procedures related to the admission process, and its quality control. The Committee oversees all recruitment matters, admissions examinations, and policy on admissions requirements.

The following individuals were members of the Admissions Committee during the 2000-2001 period:

Academician Valery Makarov	<b>Chair</b>
Professor Alexander Friedman	<b>Vice Chair</b>
Zarema Kassabieva	<b>Executive Officer</b>
Olga Kulagina	<b>Secretary</b>
Professor Pavel Katyshev	
Professor Victor Polterovich	
Professor Sergei Guriev	
Professor Oleg Eismont	
Valentina Krupina	
Olesia Marenkina	

## **Financial Committee**

The Financial Committee of NES is responsible for the financial operations of the school. The committee is responsible for budgetary planning and financial management, as well as long-range financial planning.

The **Financial Committee** consists of:

Academician Valery Makarov	<b>Co-Chairman</b>
Professor Barry W. Ickes	<b>Co-Chairman</b>
Oxana Budjko	<b>Secretary</b>
Professor Alexander Friedman	
Valentina Krupina	
Professor Gur Ofer	

## **Governance of the Research Center**

Research at NES is organized under the Research Committee, which oversees the Research Center, the chief program of which is *Transforming Government in Economies in Transition (GET)*. The GET program has one Western and one Russian director, both appointed by the Research Committee for a period of one year. The principal officers during the academic year 2000-2001:

Professor Barry W. Ickes	<b>Co-Chairman</b>
Academician Valery Makarov	<b>Co-Chairman</b>
Professor Victor Polterovich	<b>Co-Director</b>
Professor Judith Shapiro	<b>Co-Director</b>
Dr. Pavel Katyshev	<b>Coordinator</b>
Ludmilla Solntseva	<b>Secretary</b>
Professor Gur Ofer	

## APPENDIX 1: LIST OF ALL PROFESSORS OF NES, 1992-2001

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**Sergei Aivazian**, CEMI, RAS  
*Mathematical Statistics; Probability Theory*

**Stanislav Anatolyev**, NES  
*Advanced Topics in Econometrics; Applied Econometrics;  
Econometrics III & IV*

**Luca Anderlini**, Southampton University  
*Economics of Uncertainty and Information;  
Microeconomics*

**Avner Bar-Ilan**, University of Haifa  
*International Trade; Macroeconomics*

**Souren Bassov**, Boston University  
*Labor Economics*

**Michael Baye**, Pennsylvania State University  
*Industrial Organization; Research Seminar*

**Michael Beenstock**, Hebrew University of  
Jerusalem  
*Econometrics; Research Seminar*

**Vitaly Belenky**, CEMI, RAS  
*Advanced Mathematics for Economists; Mathematics for  
Economists I & II*

**Benjamin Bental**, Technion - The Israel Institute of  
Technology  
*Banking; Growth Theory; International Economics;  
International Monetary Economics; International Trade  
Macroeconomics; Microeconomics*

**Daniel Berkowitz**, University of Pittsburgh  
*Economics of Transition; Public Economics*

**Eric Bond**, Pennsylvania State University  
*International Trade; Microeconomics*

**William Branson**, Princeton University  
*International Finance; Macroeconomics*

**Vladimir Bulavsky**, CEMI, RAS  
*Mathematics for Economists I & II*

**Regina Burdonskaya**, NES  
*English*

**Selcuk Caner**, US Treasury Department  
*Stochastic Finance*

**Dov Chernichovsky**, Ben Gurion University of the  
Negev  
*Health Economics*

**Francesca Cornelli**, London Business School  
*Industrial Organization; Microeconomics*

**Ed Coulson**, Pennsylvania State University  
*Macroeconomics; Public Finance*

**Svetlana Danilkina**, MIT  
*Macroeconomics*

**Vladimir Danilov**, CEMI, RAS  
*Advanced Mathematics for Economists; Game Theory I & II*

**Irina Denisova**, RECEP  
*Macroeconomics; Labor Economics*

**James Durbin**, London School of Economics  
*Time Series Analysis*

**Zvi Eckstein**, Tel-Aviv University  
*Econometrics; Growth Theory; Labor Economics; Research  
Seminar*

**Benjamin Edén**, University of Haifa  
*Industrial Organization; Macroeconomics; Monetary  
Economics; Money and Banking*

**Oleg Eismont**, Institute of Systems Analysis, RAS  
*Economics of Natural Resources; Industrial Organization*

**Mishael Ellman**, University of Amsterdam  
*Economic History of Russia; Economics of Transition;  
Microeconomics*

**Revoid Entov**, Institute of the World Economy and  
International Relations, RAS  
*History of Economic Thought*

**Richard Ericson**, Columbia University  
*Dynamic Economic Models; Microeconomics*

**Leonardo Felli**, London School of Economics  
*Industrial Organization*

**John Fender**, University of Birmingham  
*International Finance; Macroeconomics*

**Chaim Fershtman**, Tel-Aviv University  
*Industrial Organization; Microeconomics*

**Alla Friedman**, NES, CEMI, RAS  
*Microeconomics*

**Leonid Friedman**, Moscow State University, NES  
*East, West, and Russia in World Economic History; Russia  
in the Global Environment: Past and Present*

**Evgeny Golstein**, CEMI, RAS  
*Advanced Mathematics for Economists; Mathematics for  
Economists I*

**Roger Gordon**, University of Michigan  
*Government Revenues*

**Nils Gottfries**, Stockholm University  
*Macroeconomics*

**Simon Grant**, Australian National University  
*Economics of Uncertainty and Information; Microeconomics*

**Brigitte Granville**, The Royal Institute of  
International Affairs; RECEP  
*Economic Transition; Macroeconomics*

**Pavel Grigoriev**, MIT  
*Macroeconomics*

**Zvi Griliches**, Harvard University  
*Econometrics; Research Seminar*

**Reuben Gronau**, Hebrew University of Jerusalem  
*Labor Economics; Microeconomics*

**Sergei Guriev**, NES, RECEP, CEPR  
*Contract Theory; Development Economics; Microeconomics*

**Bronwyn Hall**, University of California, Berkeley  
*Econometrics; Finance*

**Daniel S. Hamermesh**, Michigan State University  
*Econometrics; Labor Economics*

**Arye Hillman**, Bar-Ilan University  
*International Trade; Public Economics*

**Barry W. Ickes**, Pennsylvania State University  
*Economics of Transition; Macroeconomics; Research Seminar*

**Daniel Kahn**, Georgetown University  
*Economics of Transition; Microeconomics; Research Seminar*

**Pavel Katyshev**, NES, CEMI, RAS  
*Econometrics; Mathematical Statistics; Probability Theory*

**Michael Keane**, University of Minnesota  
*Labor Economics*

**Moshe Kim**, University of Haifa  
*Banking; Production Functions*

**Charles Kolstad**, University of California, Santa  
Barbara  
*Public Economics*

**Elli Kraizberg**, Bar-Ilan University  
*Money and Banking*

**Ken Kuttner**, Federal Reserve Bureau of Chicago  
*Macroeconomics; Research Seminar*

**John Lane**, London School of Economics  
*Economics of Uncertainty and Information; Microeconomics;*

**Derek Laing**, Pennsylvania State University  
*Industrial Organization*

**James Leitzel**, NES, University of Chicago  
*Macroeconomics; Microeconomics; Research Seminar*

**Mark Levin**, CEMI, RAS  
*Corruption; Mathematics for Economists; Rent-seeking*

**Vladimir Levin**, CEMI, RAS  
*Advanced Mathematics for Economists*

**Nissan Liviatan**, Hebrew University of Jerusalem,  
Bank of Israel  
*Advanced Macroeconomics; Macroeconomics*

**John Logan**, Australian National University  
*Industrial Organization*

**Alastair McAuley**, University of Essex  
*Poverty and Inequality in Russia; Research Seminar*

**Jan Magnus**, London School of Economics; Tilburg  
University  
*Econometrics*

**Valery Makarov**, NES, CEMI  
*Public Economics*

**Dimitrios Malliaropoulos**, London Guildhall  
University  
*Econometrics; International and Monetary Economics*

**Julian Manning**, Norwegian School of Management  
*Microeconomics; Public Economics*

**Olesya Marenkina**, RAS  
*English*

**Vitaly Melyantsev**, Moscow State University  
*East, West and Russia in World Economic History*

**Solomon Movshovich**, CEMI, RAS  
*Topics in General Equilibrium Theory*

**Gur Ofer**, Hebrew University of Jerusalem  
*Economics of Transition; Macroeconomics*

**Alexei Onatski**, Harvard University  
*Monetary Policy*

**Galina Ovcharova**, U of Chicago, NES  
*Financial Economics*

**Ann Owen**, Brown University  
*Growth Theory; Macroeconomics*

**Don Patinkin**, Hebrew University of Jerusalem  
*History of Monetary Theory; Macroeconomics*

**Anatoly Peresetsky**, NES, CEMI, RAS  
*Econometrics*

**Motty Perry**, Hebrew University of Jerusalem  
*Game Theory; Microeconomics*

**Nikita Piankov**, Harvard University, NES  
*Microeconomics*

**David Pines**, Tel-Aviv University

*Public Economics; Urban Economics*

**Rohan Pitchford**, Australian National University

*Contract Theory; Public Economics*

**Yakir Plessner**, Hebrew University of Jerusalem

*Macroeconomics; Money, Inflation and Stabilization*

**Ben Polak**, Yale University

*Microeconomics*

**Leonid Polishchuk**, University of Maryland at

College Park

*Advanced Microeconomics; Economic Institutions; Economic*

*Transition; Industrial Organization; International Trade;*

*Microeconomics; Political Economy; Public Economics;*

*Research Seminar*

**Victor Polterovich**, NES, CEMI, RAS

*Advanced Mathematics for Economists; Economics of*

*Transition; International Trade; Macroeconomics; Money,*

*Inflation and Growth; Mathematics for Economists*

**Geert Ridder**, The Free University of Amsterdam

*Econometrics; Labor Economics*

**Mark Roberts**, Pennsylvania State University

*Econometrics; Industrial Organization*

**Michael Rockinger**, Hautes Etudes Commerciales

*Finance; Macroeconomics; Research Seminar*

**Vladimir Rotar**, CEMI, RAS

*Models of Financial Markets; Risk Theory;*

*The Theory of Risk and Economic Mechanisms of*

*Stabilization*

**Valeriya Salistra**, RAS

*English*

**Andrey Sarychev**, MIT

*Econometrics; Trade and Strategic Trade Policy*

**Alexey Savvateev**, NES

*Microeconomics*

**Suzanne Scotchmer**, University of California,

Berkeley

*Microeconomics*

**Yochanan Shachmurove**, University of

Pennsylvania

*Open Economy Macroeconomics; Trade Theory*

**Avner Shaked**, University of Bonn

*Industrial Organization; Topics in Game Theory*

**Alexander Shananin**, Moscow State University

*Advanced Mathematics for Economists; Mathematics for*

*Economists*

**David Shapiro**, Pennsylvania State University

*Labor Economics; Macroeconomics*

**Judith Shapiro**, NES

*Economic Statistics; Health Economics; Institutions; Public*

*Finance*

**Zalman Shiffer**, The Bank of Israel

*Macroeconomics*

**Anthony Shorrocks**, University of Essex, RECEP

*Living Standards, Inequality, and Poverty Microeconomics;*

*Public Economics; Research Seminar*

**Avi Simhon**, Hebrew University of Jerusalem

*Growth Theory; Microeconomics*

**Thomas Sjoistrom**, Pennsylvania State University

*Economic Theory*

**Alexander Sotskov**, CEMI

*Microeconomics*

**Kirill Soussonov**, NES

*Macroeconomics; Open Economy Macroeconomics*

**Michael Spagat**, Brown University

*Research Seminar*

**Oren Sussman**, Hebrew University of Jerusalem

*Financial Markets*

**Gabriel Talmain**, State University of New York at

Albany

*Econometrics; International Economics*

**Giovanni Urga**, City University Business School

*Advanced Econometrics; Recent Developments in the*

*Econometrics of Panel Data; Dynamic Econometric Modeling;*

*The Econometrics of Financial Markets*

**Alexander Vasin**, Moscow State University

*Non-Cooperative Games in Economic Theory*

**Dudley Wallace**, Duke University

*Econometrics; Research Seminar*

**Klaus Wallner**, Stockholm School of Economics

*Industrial Organization; International Trade*

**Ksenia Yudaeva**, NES, CEFIR

*International Finance*

## APPENDIX 2: THESES ABSTRACTS, 1999-2000

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### Denis Agentov

**Title:** Empirical Models of Investment Intensity and Financial Dependence of Russian Firms  
**Project:** *Capital Expenditures Financing in Russia*  
**Supervisors:** G. Ovcharova and S. Anatolyev  
**Abstract:** The primal goal of our research was to build empirical models of financial dependence and investment intensity for Russian firms and find a set of most relevant factors which affect these variables, and interpret the results from empirical modeling. In the first part of the paper we have analyzed various facts and empirical papers regarding investment in fixed assets in Russia. The second part is devoted to empirical modeling of investment intensity and financial dependence of Russian firms for years 1996 – 1999. We have built and estimated a series of models for investment intensity, and two series of financial dependence models – separate series for financially dependent firms, and for non-financially-dependent companies. Investment intensity and financial dependence definitions were due to Rajan and Zingales paper “Financial Development and Growth” which employed US median industry values of financial dependence and investment intensity as proxies for firm’s demand for investment and external financing. A critical assumption was that these demand figures would persist across countries.

During the research we have found a number of remarkable effects. One of the most interesting results is that we have found no statistically significant effect of both US investment intensity and financial dependence on the corresponding variables for Russian firms. There are supply-side, demand-side and technical explanations to this fact, and all three may have an effect. The presence of the demand-side argument which we believe is highly significant, makes it rather questionable to use US median industry investment intensity and financial dependence figures as proxies for technologically caused investment intensity and financial dependence of Russian firms.

### Galina Besstremyannaya

**Title:** The Applicability of the Tiebout Hypothesis to Russian Jurisdictions  
**Project:** *Competition among Jurisdictions in Russian Federation*  
**Supervisors:** V. Makarov and D. Berkowitz  
**Abstract:** Municipal government and the issue of local authority have become a favorable topic in the analysis of Russian fiscal federalism and its impact on local economic performance. The Tiebout hypothesis argues that individuals with similar tastes tend to group together and settle in the same jurisdiction. After this mechanism of voting with one’s feet is realized, the provision of local public goods and services is considered to be efficient, given jurisdictions formed by individuals have enough fiscal power and local governments are elected via democratic procedures.

This paper aims at applying the Tiebout hypothesis empirically to Russian jurisdictions. The model of the Tiebout environment is constructed. Cluster analysis is used as a tool of classifying jurisdictions into groups, attractive to individuals with homogeneous preferences. The empirical estimations show the Tiebout hypothesis may be partially accepted. This may imply the lack of explicit instrument for strategic fiscal policies at the municipal level, and the need for an increase in local authority.

### Ruslan Bikbov

**Title:** Competition and Managerial Turnover: Evidence from Russia  
**Project:** *Determinants of Corporate Governance in Russian Firms*  
**Supervisors:** S. Guriev and D. Brown  
**Abstract:** This empirical research investigates how managerial turnover is affected by firm performance and product market competition. We test two hypotheses. First, it is assumed that the board of directors can evaluate managerial turnover by excess returns earned by a company with respect to overall industry or market portfolio return. Since we have not



found any significant correlation of returns within industries under investigation we concentrate on the excess return which is measured as non risk-adjusted abnormal return with respect to market (RTS) portfolio.

Second, this project pays special attention to the factor of competition affecting executive change. It is generally assumed that the Russian 1992 liberalization shock that introduced domestic and foreign competitive forces must have led to better corporate performance and less managerial slack as the latter have to work hard to retain their personal benefits of control. Moreover, a more competitive environment should drive bad managers out of the firm because the owners of the firm have more opportunities to evaluate executive work by comparing firm performance with competitors.

**Andrey Bobyshev**

**Title:** Russian Banks: Typical Strategies and Financial Intermediation

**Project:** *Banks in Russia*

**Supervisors:** B. Bental and K. Soussonov

**Abstract:** All institutions called “Banks” could in fact be different businesses. Not all of them could be treated as banks. Those, which could be treated as banks, may have different business strategies primarily focused on specific activities. The paper attempts to select several “typical” banks’ strategies in 97 and 98 and to identify what “typical” strategy a particular bank was focused on. Typical strategy is recognized via cluster analysis applied to income statement structure of banks. The paper also addresses issues of a bank’s typical strategy determinants and behavior of banks, which implemented the certain typical strategies. This paper considers intensity of financial intermediation of a bank as a proxy for a bank’s behavior. The analysis of financial intermediation determinants for all banks in the sample regardless their typical strategy gives intuitive results. If typical strategy of a bank is used in the analysis the results change. Determinants of financial intermediation and direction of their impact may differ for banks, which implemented certain typical strategies.

**Mikhail Bonch-Osmolovsky**

**Title:** Russian mortality crisis in the individual data

**Project:** *Health and Economic Development in Transition*

**Supervisors:** J. Shapiro

**Abstract:** This paper is devoted to the study of reasons for high volatility and high rate of mortality in Russia 90’s. Some of the hypotheses proposed by socio-demographic literature propose hypotheses to explain the phenomena by such economic factors as: growth of poverty and economic inequality, role of stress and alcohol consumption. This paper is a first approach to test these hypotheses using individual data from the RLMS survey. We find robust relation of income and mortality (Odd Ratio = 0.7), strong impact of degree of satisfaction with life on mortality (Odd ratio = 1.5) and see some positive relation between mortality and consumption of alcohol, but find no evidence of dependence between health and measures of inequality and stress.

**Alexandra Burdyak**

**Title:** Effect of Shifting Tax Burden from Labour to Carbon Emission with Pollution Permits Trading

**Project:** *The Economics of Climate Change*

**Supervisors:** O. Eismont and C. Kemfert

**Abstract:** Rapid degradation of the natural environment is one of the most important problems facing the mankind, one of the results of pollution is global warming. At the same time, many countries suffer from high level of involuntary unemployment. It makes the idea of environmental tax reform very popular, that is to impose pollution taxes in such a way, that it would simultaneously reduce carbon emissions and reduce distortionary tax on labour thus reducing unemployment. This work analyses the problem of shifting tax burden from labour to CO<sub>2</sub> emission by environmental tax reform when country is

given emission quota, which is owned by the government and the rest of it is sold on the world market. The tax reform is marginal: we keep budget and profit tax rate constant and change labour and pollution tax. The changes in labour demand, energy demand, profit and social welfare are calculated. In general case the effect on shifting tax burden from labour to carbon emissions is ambiguous, and depends on tax rates, price elasticities of factor demand and ratio of costs of emissions to total output. The paper gives some additional conditions, when increase of tax on polluting resource depresses unemployment. The marginal effect of pollution permits trading implementation on overall welfare and on factors demand is analysed and some conditions when it is positive are given. Evaluation of the model for Cobb-Duglas production function for Russia is made: implementation of tradable polluting permits will diminish the effect of increase in tax on energy on labour demand. For arbitrary production function and under the conditions now prevailing in Russian economy, all parameters of the model are evaluated and tax shifting effect, which appears to be relatively small, is estimated.

**Mikhail Drougov**

**Title:** Higher Education Expansion in Russia: What Stands Behind?

**Project:** *Russian Labor Market Policies*

**Supervisors:** I. Denisova and K. Sabirianova

**Abstract:** Since the reforms started about ten years ago higher education in Russia has experienced deep changes which may appear contradicting. On one hand, state financing has been cut almost by half in real terms, graduates can not find a job corresponding to their University specialization and the returns to education in Russia are found very low in Russia. On the other hand, no state University has been closed; more than three hundred private Universities have been opened, the number of students has increased considerably and the entry competition is becoming more and more tough.

The paper analyzes the on-going higher education expansion in Russia and its relation to labor market trends. The first level of analysis is regional: we find what regional characteristics are responsible for changes in student numbers. The results show that wealth of a region and unemployment rate are not significant.

The main part of the paper investigates the reaction of the number of students applied and actually admitted to wage and employment in the corresponding labor market. The data are available by regions and by 15 sectors of economy (such as industry, agriculture, services, science etc.) for at least four years 1995-1998. Both OLS in relative change form and panel regressions are used but the results are mostly the same. A number of conclusions is obtained: first, the employment coefficient is positive and significant while the wage one is not usually significant. Second, the regressions for the number of people applied (as proxy for the demand for education) and the number of people admitted (i.e. outcome in equilibrium) are almost identical which might indicate the demand-driven character of higher education in Russia. Third, there are strong regional effects mainly similar to those found in the regional analysis. And finally, using the educational data for 1999 some effect of August 1998 crisis is discovered.

The findings of the paper have a lot of important policy implications, first, for regional authorities and, second, for federal policy in the area of connecting higher education and labor market.

**Pavel Grigoriev**

**Title:** A Model of Imperfect Competition for TV Advertising Market

**Project:** *The Economics of Climate Change*

**Supervisor:** S. Guriev

**Abstract:** In the paper phenomenon of TV advertising is theoretically investigated. We assume that TV ads are non-informative and influence on the customers only by convincing.

Some models describing TV channels' competition are constructed. Also some models of competition with endogenous demand for advertising are introduced. On the models we research the possible consequences of limiting the share of TV ads in the programs.

**Mikhail Karev**

**Title:** Towards the Dynamic model of Legal Reform  
**Project:** *Market for Influence and Political Accountability in Transition Economies*  
**Supervisors:** L. Polishchuk and A. Lambert-Mogiliansky  
**Abstract:** Emergence of efficient system of laws guaranteeing property and contract rights are commonly viewed as important condition for economic development and growth. The research is aimed at developing a dynamic setting that models explicitly the evolution of law. In this model a legislature faces a fundamental effort constraint that forces him to allocate his efforts between creation of efficient laws enhancing social welfare and those aimed at the private interest of a lobbying group. It is assumed that a system of law evolves gradually over time through continuous efforts of legislative body. Economic efficiency at any moment in time depends on the accumulated stock of law. In the absence of interest groups seeking private competition advantages, legislative system would develop indefinitely and economy would be on the growth path. However, if legislature is not benevolent, interest group can contract him for private protection. Specifically, it is assumed that legislature is a pure rent-seeker, and, thus, policy choice is controlled by interest groups. One of the key results of our analysis is the qualitative dependence of economic and legislative evolution on the original state of law. It is conjectured that with originally poor legal environment society faces the risk of stagnation characterized by the absence of economic and legislative development. On the other hand, if the efficiency of law is pushed above some critical level, the system would come on the growth path. Thus, multiple equilibria is a clear possibility.

**Gennady Kassian**

**Title:** Mortality Crisis in Russia: Evidence from International Panel Data  
**Project:** *Health and Economic Development in Transition*  
**Supervisor:** J. Shapiro  
**Abstract:** The purpose of this paper is to find the underlying reasons for the Russian mortality crisis. However, since less than 20 observations are available, it is not possible to generate statistically significant result. To overcome this difficulty we utilize international panel data and investigate the Russian crisis in the context of general mortality crisis that virtually all modern countries have experienced since the beginning of the reforms. It is shown in the paper that the mortality fluctuations can not be explained by a single factor. It is found that deteriorating economic environment, alcohol consumption, medical care system performance and stress (homicide index is a proxy for stress) are among the important factors responsible for the changes in life expectancy and each of these factors explains a certain fraction of the mortality fluctuations.

The regression equation chosen for males is then tested for females. The comparison of the results shows that the major causes of mortality fluctuations are the same for males and females, however, the latter are less subject to the negative impact of stress. This fact can be interpreted as a better ability to cope with a stressful social environment.

The data analyzed in this research also includes Central Asian Republics. Although the major reasons for these of mortality changes appear to be the same, the data shows that Asian females suffered more than European, that can be explained by different culture traditions.

Serious attention is also paid to the justification of the econometric methods used. The most serious problem is that right-hand-side variables are the component of the independent variable. Although this could affect the result of econometric estimation, it is shown that taking this into account does not change the interpretation of the results.

**Avgeny Kazadaev**

**Title:** Segments of Russian Labor Market  
**Project:** *Russian Labour Market Policies*  
**Supervisors:** I. Denisova and K. Sabirianova  
**Abstract:** This paper is an attempt to test the hypothesis of Segmented Labor Market (SLM) using Russian data. The crucial idea of SLM-theory is the existence of distinct markets with different wage-setting mechanisms. This approach could contribute to explaining sharp inequality in income distribution observed in Russia. Revealing segments of the market is the main part of the work. For the reasons of explanation and empirical simplicity the number of sectors assumed is chosen to be two. Three types of methods are used: exogenous division of market, statistical approach to the division and an attempt to distinguish between the sectors based on clusters of data. In the first part segments of the labor market are chosen on exogenous basis. In particular, distinguishing between “metropolitan regions / the rest regions”, “oil industry / other industries”, “bosses / subordinates” and “regions with high industrial concentration ratio / low concentration ratio” is made. In the second part sectors identification is based on statistical approach, and thus is endogenous. Third approach is the attempt of controls the results of first two methods. It is shown that the SLM-hypothesis could not be rejected in two cases: 1. for the whole sample and the crucial factor of segmentation is geographical one; and 2. for the sample of non-metropolitan regions according to the gender of workers, so the discrimination of females is observed. Data used: RLMS (round 8).

**Simon Polbennikov**

**Title:** Factors and Structure of Russian Import  
**Project:** *Trade Liberalization and Its Impact on Russian Economy*  
**Supervisors:** K. Yudaeva and D. Marin  
**Abstract:** This paper analyses the influence of tariffs on import in Russia. The tariff elasticity of import and changes in geographic structure of import are estimated using a modification of the gravity model of foreign trade. We find that the import volume does not depend on average tariffs significantly. We also found a reorientation of relative import flows from Western countries to CIS after the devaluation in 1998. It suggests that exchange rate policy is more effective in protecting domestic markets than tariff one.

**Ekaterina Ponamareva**

**Title:** The Distributional Impact of Reforms in the Housing and Communal Sector in Russia  
**Project:** *Evaluation of Tax Benefit Reform*  
**Supervisors:** A. Shorrocks and E. Gurvich  
**Abstract:** The aim of this work is to show that the current and proposed reforms of the structure of public expenditures in the housing and communal sectors in Russia should result in more targeted distribution. Two types of changes in financing this programme are considered: first, the elimination of direct subsidisation of households on payments for apartment maintenance and public utilities from the regional budgets; second, the elimination of cross subsidisation of such utilities as heating, electricity and gas. The microsimulation model of households' behaviour on the base of RLMS data set is introduced, which enables assessment of households' welfare changes. As the results of the proposed reforms some possible consequences are examined. The increase in communal payment due to cross subsidies elimination is balanced by price reduction for other goods. The extra money excluded from the programme of direct subsidisation are supposed to be partially redistributed by regional government as compensating transfers to poor families, and the other part can be used to decrease the regional sales tax.

**Andrei Rachinsky**

**Title:** Managerial turnover and firm performance in Russia  
**Project:** *Determinants of Corporate Governance in Russian Firms*  
**Supervisors:** S. Guriev and D. Brown

**Abstract:** This paper aims at estimating the impact of top management turnover on the subsequent corporate performance. We found that market return is higher after turnover for the most liquid companies, except the cases when former CEO keeps his influence on the company. We found no evidence that dismissals after bad performance and promotions after good performance provide good incentives for new managers and therefore increase market returns. The sample we use consists of 110 Russian companies which shares were traded at Russian Trading System since 1997.

**Alexei Ravitchev**

**Title:** Electoral Cycles in Russian Regions

**Project:** *Causes and Consequences of Fiscal Incentives in a Transition Economy*

**Supervisors:** E. Zhuravskaya

**Abstract:** Government, as any other economic agent, is trying to get as much benefit as it can from being at power. Thus policy pursued by government is determined by various factors. One of these is the election time, as elections determine the period of being at power for each particular politician. This leads to the interesting question of business cycles in government's management. These cycles can exist at any level of government and at regional level in particular. The main goal of this research is to test the hypothesis of electoral cycles' existence in the Russian regions. The main idea of this hypothesis is that in the pre-electoral period regional governments start to pursue policies more popular among the voters (that improve conditions of living in the region), while in the middle of the cycle there is a worsening of the situation if compared with years close to elections. Competition tightness' influence is considered as well. Research is done on the regional data for the 1992-2000 years using Goskomstat data on situation in regions and Gnozis data on balance sheets of regional industrial enterprises. On the basis of annual and more precise monthly data an analysis is made of the dependency between changes in socio-economic indicators and the nearness of elections. Finally, competition is introduced in the analysis and its influence on cycles is considered.

**Sofia Rewenko**

**Title:** Russian Federalism: Competitive or Not?

**Project:** *Competition among Jurisdictions in Russian Federation*

**Supervisors:** V. Makarov and D. Berkowitz

**Abstract:** Starting from the Tiebout's (Tiebout, 1956) theory, the specialists consider as favorable the competition between local governments. That research tries to answer the question, whether or not Russian federalism is competitive. To answer that question, it is studied, what effect does budget policy of local governments yield in collecting tax revenues, getting transfers from the center and attracting mobile factors of production. To make the analyses more complete, political situation in a region is considered as well. For that sake, it is taken into account whether or not the head of regional executive authorities was reelected. Along with other studies the hypothesis is tested, whether fiscal decentralization alters the composition of total government spending in favor of regions, thereby increasing their share in total government spending (Wallis and Oates, 1988).

The main finding that the answer to the question, whether Russian federalism is competitive or not, is rather positive. On the one hand, budget policy turned out to affect significantly size of transfers to a region from the center and tax collection. On the other hand, no significant relationship between budget policy and mobile factors of production flows was revealed along with high significance of the reelection indicator. Hence, regional governments care mostly about victory in regional elections than about retention of factors of production. Wallis hypothesis found confirmation in that paper. For the purpose of the research, data from Ministry of Finance and GOSKOMSTAT is used.

**Dmitry Shapiro**

**Title:** Incentives and Accountability in local governments: Markets for influence in Transition Economy

**Project:** *Market for Influence and Political Accountability in Transition Economies.*

**Supervisors:** A. Lambert-Mogiliansky and L. Polishchuk

**Abstract:** The lack of investments is one of the major problems for transition economies. However, the answer to the question “how the country can attract investments?” is well-known – the first thing it has to do is to provide protection of property and contract rights and to assure the investor that these institutions work. The latter can be done by honoring the investor’s rights for some time that creates the good reputation of the country.

In my research I try to explain why countries very often fail to follow such a simple solution, namely I show that the reputation can not be sufficiently strong incentive for the country for a long time, which means that sooner or later even benevolent patient government prefers to violate the investor’s rights. I also propose a cure to such a poor situation - the signaling can serve as a complement to the reputation incentive, moreover, when the country already has good reputation, it is much easier to send the credible signal, whereas with no reputation at all such signal would be virtually impossible to send.

**Konstantin Styryn**

**Title:** The 1998 Financial Crisis and Russian Banking Industry: Has the GKO Market Crash Made Banks Lend More Money to the Real Sector?

**Project:** *Banks in Russia*

**Supervisors:** B. Bental and K. Soussonov

**Abstract:** Before the 1998 financial crisis, GKO’s (short-term government bonds) were considered as one of the most liquid and most profitable assets available in Russia. At the same time, the lending activity of Russian banks remained quite low compared with other transition economies. The purpose of this paper is to examine whether the GKO market crash that meant that this asset disappeared resulted in channeling more funds into the real sector of the Russian economy than before. Policy implications for restructuring the Russian banking sector seem to crucially depend on findings of this kind of research.

**Alexey Uvarov**

**Title:** FDI in Russia: An Empirical Assessment of the Vertical and Horizontal Models

**Project:** *Trade Liberalization and its Effect on Russian Economy*

**Supervisors:** K. Yudaeva and D. Marin

**Abstract:** This paper examines main motives of Foreign Direct Investments in Russia and finds how reduction of tariffs (if Russia joins the WTO) affects investors’ decision: to invest or to import. There are two theoretical models, which can explain multinational activity: Horizontal model and Vertical model. Horizontal model predicts that firms should expand horizontally across borders because of the advantages of access to the destination market. Vertical model predicts that multinational firms geographically separate activities by stages of production due to advantages of access to factor supplies. In this paper we analyse how characteristics of Russian market (the main of them are tariffs and similarity in level of GDP between host and parent countries) determine the choice of multinationals between export in Russia and affiliate production. We received results showing that in some industries (wood, fuel, metallurgy, chemistry, machinery) both models take place and in other (food, light) only horizontal model is true. The same situation is with tariffs: they are not significant in the 1<sup>st</sup> group of industries and have positive influence on FDI in the 2<sup>nd</sup> group of industries. Tariffs influence on FDI in a whole economy is significant, but rather small.

**Alexandre Vachtchilko**

**Title:** Estimation of the income redistribution and changes in tax revenues connected with changes of income and payroll tax rates

**Project:** *Evaluation of Tax Benefit Reforms*  
**Supervisors:** A. Shorrocks and E. Gurvich  
**Abstract:** The inefficient tax system is the significant problem for transition economies. Very often the macroeconomic situation depends on amount of collected taxes, not saying about health care, education and science.

The considerable reform of tax system were made at the end of 2000 year. Most substantial changes concerned income and payroll taxes. The whole system of these taxes changed from progressive to regressive one with lower average rates.

In this paper we tried to analyze the possible outcome of this reform, taking into account the change in tax evasion. Namely we showed that in spite of reduction in average tax rates and progressivity of these taxes, we can expect increase in tax revenue and reduction in inequality, because of substantial decrease in tax evasion. Moreover the alternative to this reform was analyzed, namely we considered how cost related to tax evasion should be increased to receive the same increase in tax revenues and reduction in tax evasion as in the case of reform. The result is that the cost should be increased substantially, what makes the reform more appealing comparing to increase in collection and audit efforts.

**Andrei Vasnev**

**Title:** A Nonparametric Method for Bootstrap Resampling in Autoregressions  
**Project:** *Capital Expenditures Financing in Russia*  
**Supervisors:** S. Anatolyev and G. Ovtcharova  
**Abstract:** The bootstrap is an alternative to the asymptotic approach and allows to improve statistical inferences in finite samples, since the bootstrap distribution gives more exact approximation of finite sample distribution for the pivotal statistics. In the time series context the moving block bootstrap has one of the best performance. We propose the non-parametric method for the construction of the bootstrap pseudosample. This method is based on the approximation of the true data generation process by the discrete Markov chain. The method is compared with the asymptotic and the moving block bootstrap in simulation. From the good size properties it may be concluded that the new method gives the best approximation of the finite sample distribution. The hypothesis of unpredictability of GNP USA in the extension of AR models is tested. The bootstrap does not reject the hypothesis. The using of the asymptotic distribution leads to opposite result.

**Evgueny Yakovlev**

**Title:** State Capture in Russian Regions and Municipalities  
**Project:** *Causes and Consequences of Fiscal Incentives in a Transition Economy*  
**Supervisors:** E. Zhuravskaya  
**Abstract:** This paper analyses the impact of state capture on economic performance in Russian regions and municipalities. The concentration ratio is used as a proxy for capture. It is shown that increasing potential capture leads to reducing tax revenues and privatization of public goods, which help to reduce captor enterprises costs. It is also found some negative effects of state capture, such as decreasing amount of small business, turnover and value of investment.

## APPENDIX 3: GET CONFERENCE PROGRAMS, 2000-2001

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### 8<sup>th</sup> CONFERENCE

“TRANSFORMING GOVERNMENT IN ECONOMIES IN TRANSITION”

November, 2 - 4, 2000

Nakhimovsky Prospect 47, 117418 Moscow

Thursday, 2 November

10:00-10:15, room 521

Opening ceremony

Chairmen: Gur Ofer, Valery Makarov

10:15 – 11:35, room 521

#### Session 1

##### Enterprise Financing and the Role of the Government

Project leaders: Ekatherina Zhuravskaya, Enrico Perotti

Chairman: Barry Ickes

1. Maria Ponomareva, Ekaterina Zhuravskaya: *Federal Tax Arrears: Liquidity Constraints, Federal Subsidies or Regional Protection?*
2. Evgeniy Orlov, Elena Paltseva, Ekaterina Zhuravskaya: *Determinants of Government Subsidies to Industrial Firms: Firm-level Evidence*
3. Akhmed Akhmedov: *Ex-ante-rationality of Real Sector Bank Lending*

Discussant: Francisco Marhuenda

11:50 - 13:30, room 521

#### Session 2

##### Foreign Direct Investment in Russia

Project leaders: Kseniya Yudaeva, Sergey Kadochnikov, Rudiger Ahrend

Chairman: Oleg Eismont

1. Rudiger Ahrend: *Foreign Direct Investment Into Russia – Pain Without Gain? A Survey of Foreign Direct Investors*
2. Kseniya Yudaeva, Konstantin Kozlov, Natalya Melentieva, and Natalya Ponomareva: *Does Foreign Ownership Matter? Russian Experience*
3. Sergey Kadochnikov, Tatyana Kulakova: *Spillovers from FDI: The Role of Capital*
4. Irina Schepina: *FDI in Voronezh Oblast*

Discussants: Klaudia Kemfert, Kirill Sosunov

14:45 - 16:15, room 521

#### Session 3

##### Bankruptcy Procedures in Russia: Improving Efficiency, Combating Corruption

Project leaders: Constantin Sonin, Ariane Lambert-Mogiliansky

Chairman: Alexander Vasin

1. Constantin Sonin, Koen Schoors: *Creditor Passivity and Bank Regulation: A General Equilibrium Approach*
2. Ariane Lambert-Mogiliansky: *Corruption in Liquidations - Agreeing to Share the Market in Public tenders*
3. Aleksey Makrushin: *Bankruptcy and Liquidity Constraint*

Discussant: Rudiger Ahrend

16:30 - 18:00, room 521

#### Keynote Address

Chairman: Valery Makarov

Oleg Vyugin (Troika-Dialog)

Friday, 3 November



10:00 - 11:30, room 521

Session 4

**Corporate Governance in Russian Firms**

Project leaders: Sergei Guriev, David Brown

Chairman: Gerard Roland

1. David Brown, Maria Goltsman: *Empirical Analysis of Managerial Turnover in Russian Firms*
  2. Sergei Guriev: *Barter and Corporate Governance in Russia*
  3. Natalya Volchkova: *Does Financial-Industrial Group Membership Affect Fixed Investment: Evidence from Russia*
- Discussants: Viktor Dementyev, Andrey Yakovlev

11:45 - 13:15, room 521

Session 5

Political Economy of Russian Transition: Incentives of Policy Makers and Quality of Governance

Project leaders: Leonid Polishchuk, Victor Polterovich

Chairman: Anthony Shorrocks

1. Viñtor Polterovich: *Rent Seeking, Tax Policy and Economic Growth*
  2. Leonid Polishchuk: *Political Economy of Scale and Endogenous Rule of Law*
  3. Alexander Tonis: *State Patronage over Firms: a Model of Endogenous Regulation*
- Discussant: Ariane Lambert-Mogiliansky

14:30 -16:00, room 521

**Distinguished Lecture**

Chairman: Barry Ickes

Adrian Pagan (Ausrtralian National University): *Analysing Cycles*

16:20 - 17:50

Session 6

**Restructuring Financial System and Banking Sector in Russia**

Project leaders: Evsey Gurvich, Giovanni Urga

Chairman: Jan Magnus

1. Evsey Gurvich: *Looking Back at the Russian Financial Crisis*
- Discussants: Stanislav Anatolyev, Bridgitte Granville

**Saturday, 4 November**

10:00 - 11:30, room 521

Session 7

**The Role of Regional and Local Governments in the Economic Reforming in Russia**

Project leaders: Valery Makarov, Daniel Berkowitz

Chairman: Kseniya Yudaeva

1. Valery Makarov: *About An Institutional Equilibrium And Its Application To A Federal State*
  2. Yury Andrienko: *Factors Behind Crime Growth In Russia: A Regional Approach*
  3. Sergey Yudakov: *Possible Stable Regional Coalitions In Russia: Economic Background*
- Discussant: David Brown

11:45 - 13:15, room 521

Session 8

**Tax Optimization under Corruptible Tax Administration**

Project leaders: Alexander Vasin, Francisco Marhuenda

Chairman: Victor Polterovich

1. Igor Mouraviev, Alexander Vasin: *The Optimal Tax Enforcement and Corruption in Fiscal Administration*
  2. Alexander Vasin, Polina Vasina: *Tax Optimization Under Tax Evasion*
  3. Francisco Marhuenda, Alexander Vasin, Polina Vasina: *Tax Enforcement for Heterogeneous Firms*
- Discussants: Leonid Polischuk, Mark Levin

14:15 -15:45, room 521

Session 9

**Russian Social Issues and Policy Reforms**

Project leaders: Irina Denisova, Anthony Shorrocks, Kseniya Yudaeva

Chairman: Yasushi Toda

1. Anthony Shorrocks, Stanislav Kolenikov: *Poverty Trends in Russia During the Transition*
2. Dmitry Spryskov: *Persistent Poverty in Russia*
3. Irina Denisova, Stanislav Kolenikov, and Kseniya Yudaeva: *Child Benefits and Child Poverty*

Discussant: Judith Shapiro

15:45, room 521

Closing ceremony

**9<sup>th</sup> RESEARCH CONFERENCE**  
**"RUSSIAN ECONOMIC AND POLITICAL INSTITUTIONS IN TRANSITION"**  
**April, 19 - 21, 2001**  
Nakhimovsky Prospect 47, 117418 Moscow

Thursday, 19 April

14:30-14:45, room 521

### **Opening ceremony**

Chairmen: Gur Ofer, Valery Makarov

14:45 – 16:15, room 521

#### Session 1

### **Capital Expenditures Financing in Russia**

Chairman: Barry Ickes

Project leaders: Stanislav Anatolyev, Galina Ovtcharova

1. Denis Agentov: *Econometric Models of Financial Dependence and Investment Intensity for Russian Firms*
2. Andrey Vasnev: *A Nonparametric Method for Bootstrap Resampling in Autoregressions*

#### Banks in Russia

Project leaders: Benjamin Bental, Alexei Medvedev, Kirill Sossunov

1. Konstantin Styrin: *The 1998 Financial Crisis and Russian Banking Industry: Has the GKO Market Crash Made Banks to Lend More Money to the Real Sector?*
2. Andrey Bobyshev: *"Typical" strategies of Russian banks in 1997 and 1998*

16:30 - 18:00, room 521

#### Keynote Address

Chairman: Maxim Bojko

Pavel Teplukhin (*Troika-Dialog*)

Friday, 20 April

10:00 - 11:30, room 521

#### Session 2

### Determinants of Corporate Governance in Russian Firms

Chairman: Satoshi Mizobata

Project leaders: Sergei Guriev, David Brown

1. Andrey Rachinsky: *Managerial Turnover and Firm Performance in Russia*
2. Ruslan Bikbov: *Competition and Managerial Turnover: Evidence from Russia*

#### Russian Labor Market Policies

Project leaders: Irina Denisova, Klara Sabirianova

1. Michael Drougov: *Higher Education and Labor Market Signals*
2. Eugeny Kazadaev: *Segments of Russian Labor Market*

11:50 - 13:20, room 521

#### Session 3

### Competition among Jurisdictions in Russian Federation

Chairman: Victor Polterovich

Project leader: Valeriy Makarov

1. Galina Besstremyannaya: *The Applicability of the Tiebout Hypothesis to Russian Jurisdictions*
2. Sofia Revenko: *Russian Federalism: Competitive or Not?*

## Market for Influence and Political Accountability in Transition Economies

Project leaders: Ariane Lambert-Mogiliansky, Leonid Polishchuk

1. Dmitry Shapiro: *Political Incentives and Investment Climate*
2. Michael Karev: *Towards the Dynamic Model of Institutional Change*

14:40 -16:10, room 521

### Distinguished Lecture

Chairman: Gur Ofer

Eytan Sheshinski (Hebrew University): *Retirement and Annuities*

16:30 - 18:00, room 521

### Session 4

#### The Economics of Climate Change

Chairman: Mark Levin

Project leaders: Oleg Eismont, Claudia Kemfert

1. Oleg Eismont: *Joint Implementation with Prospects of Emission Trading*
2. Alexandra Bourdyak: *Effect of Shifting Tax Burden from Labor to Carbon Emissions with Pollution Permits Trading*

#### Trade Liberalization and its Effect on Russian Economy

Project leader: Èsenia Yudaeva

1. Eugenia Bessonova (CEFIR): *Trade Liberalization and its Effect on TFP Growth in Russia*
2. Simyon Polbennikov: *Factors and Structure of Russian Import*
3. Alexey Uvarov: *FDI in Russia: An Empirical Assessment of the Vertical and Horizontal Models*

Saturday, 21 April

10:00 - 11:30, room 521

### Session 5

#### Causes and Consequences of Fiscal Incentives in a Transition Economy

Chairman: Alexander Vasin

Project leader: Ekaterina Zhuravskaya

1. Eugeny Yakovlev: *Russian Municipalities: State Capture and Public Goods Provision*
2. Alexey Ravichev: *Electoral Cycles in Russian Regions*

#### Evaluation of Tax Benefit Reforms

Project leaders: Anthony Shorrocks, Evsey Gurvich

1. Ekaterina Ponomareva: *The Impact of Tax-Benefit Reforms on the Distribution of Public Expenditures in Russia*
2. Alexander Vaschilko: *Estimation of Income Redistribution and Changes in Tax Revenues Connected with Changes in Income and Payroll Taxes*

11:45 - 12:30, room 521

### Session 6

#### Health and Economic Development in Transition

Chairman: Yasushi Toda

Project leader: Judith Shapiro

1. Gennady Kassian: *The Russian Mortality Crisis: Results from Analysis of International Panel Data*
2. Michael Bonch-Osmolovsky: *What Do RLMS Data Reveal about the Russian Mortality Crisis?*

12:30, room 521

### Closing ceremony

Chairmen: Gur Ofer, Valery Makarov

## APPENDIX 4: NES PUBLICATIONS

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### 1998 Best Student Papers

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- Savvateev A. V. Production and rent-seeking behaviour. - 47 p. (Engl.); BSP/98/001.
- Piankov N. E. Financial and industrial groups in Russia. - 35 p. (Rus.); BSP/98/002.
- Kopylov I. E. Financial industrial groups and managerial hidden actions. - 29 p. (Rus., Engl.); BSP/98/003.
- Panova E. I. The “shadow” sector and economic growth. - 17 p. (Rus., Engl.); BSP/98/004.
- Volchkova E. A. Russian financial-industrial groups in international markets. - 40 p. (Rus., Engl.); BSP/98/005.
- Khoroshilov Y. M. Financial industrial groups cost monitoring and why bank owns firms. - 19 p. (Rus., Engl.); BSP/98/006.
- Dodonova A. R. The creation of financial-industrial groups. Signalling model. - 23 p. (Rus., Engl.); BSP/98/007.
- Paltseva E. A. Modelling inflationary expectations: the case of Russia. - 40 p. (Rus., Engl.); BSP/98/008.
- Smirnov V. N. Optimal investment in development of new technology (the exponential distribution case). - 29 p. (Rus., Engl.); BSP/98/009.
- Tonis A. I. Rent-seeking technologies: analysis and modelling. - 29 p. (Rus., Engl.); BSP/98/010.
- Turmuhambetova G. A. The development of the GKO market in Russia. - 28 p. (Engl.); BSP/98/011.

### 1998 Course of Lectures

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- Danilov V.I. Lectures on fixed points. - 45 p. (Rus.); KL/98/001.

### 1998 Working Papers

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- Overland J., Spagat M. Political instability, foreign investment and growth in proprietary economics. - 29 p. (Engl.); WP/98/001.
- Friedman L. A., Melyantsev V.A., Vidiassov M.V. Governmental expenditure (consumption) and economic growth. - 39 p. (Rus.); WP/98/002.
- Friedman L. A. Science in a transitional society: Russia in the world context. - 34 p. (Rus.); WP/98/003.
- Polterovich V. M. Institutional traps and economic reforms. - 42 p. (Rus.); WP/98/004.

### 1999 Best Student Papers

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- Loukoinova E.V. Intergovernmental Transfers in Russia: the Case of Volga Cities. 35 p. (Engl.); BSP/99/013.
- Novikov D. G. Modeling the Demand for Russian Government Securities from Non-residents. 31 p. (Rus, Engl.); BSP/99/014.
- Kolenikov S. The methods of the quality of life assessment. 47 p. (Engl.); BSP/99/015.

- Kovtunenکو B. I. The War of Attrition with Expected Changes of Future Terms. 57 p. (Engl.); BSP/99/016.
- Strebulaev I. A Timing Model of the Russian Currency Crisis: Cases of Non-Linear Behavior, Uncertainty, and Devaluation Expectations. 66 p. (Engl.); BSP/99/017.
- Slinko I. A. Multiple jobs, wage arrears, tax evasion and labor supply in Russia. 35 p. (Engl.); BSP/99/018.
- Souvorov A. D. Barter and Long-term Relations. 28 p. (Rus., Engl.); BSP/99/019.
- Perkhodtsev D. Impact of Russian Ruble Devaluation on Trade and Currencies of the CIS Countries. 44 p. (Engl.); BSP/99/020.
- Golovan S. V. The Effect of Forgetting in Theory of Collective Reputation. 38 p. (Rus.); BSP/99/021.
- Chisty A. V. Radical Reforms Versus Gradual Approach. 37 p. (Engl.); BSP/99/022.
- Andryakov A. D. Analysis of Security Market Crisis in Terms of Strategies of the Major Players. 52 p. (Engl.); BSP/99/023.
- Kleiman D. Z. Tax Evasion and Corruption in Fiscal Administration. 35 p. (Engl.); BSP/99/024.
- Birulin A. On Monetising a Barter Economy. 49 p. (Engl.); BSP/99/025.
- Davydenko S. A. Cost of Capital in Russian Financial Industrial Groups. 36 p. (Rus., Engl.); BSP/99/026.
- Skovoroda R. A. Estimation of demand responses to a price change under the paucity of the data. 22 p. (Engl.); BSP/99/027.
- Mouraviev I. G. Bringing Real Money Balances into the Dutch Disease Problem. 42 p. (Rus.); BSP/99/028.
- Kozlov K. K. Impact of Financial Industrial Group Membership on Export Competitiveness of Russian Firms. 21 p. (Engl.); BSP/99/029.

## **1999 Working Papers**

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- Voronovitsky M. Cross-ownership and Opportunity of Reciprocal Investment in Russian Industrial Groups. 28 p. (Engl.); WP/99/005.
- Levin M. I. Corruption And Technological Innovation. 36 p. (Rus.); WP/99/006.
- Guriev S. M. A theory of informative red tape with an application to top-level corruption. 27 p. (Engl.); WP/99/007.
- Vasin A., Panova E. Tax collection and corruption in fiscal administration. 32 p. (Engl.); WP/99/008.
- Eismont O.A., Kuralbaeva K.Z. Depletion of natural resources and long-term perspectives of the Russian economy. 31 p. (Rus.); WP/99/009.
- Dvorkovich A., Gurvich E. Analysis of the GKO/OFZ Interest Rates. 26 p. (Engl.); WP/99/010.
- Grobman I., Peresetsky A. Analysis of the Russian Stock Market Performance at the Pre-Crisis Period October 1997 - August 1998. 26 p. (Engl.); WP/99/011.

## **2000 Best Student Papers**

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- Moiseev A. V. Analysis of Influence of the "Dutch Disease" and Taxation on Economic Welfare: Example of the Russian Economy. 46 p. (Engl.); BSP/2000/030.
- Bassov O. A. On Externalities in the Production of Knowledge. 56 p. (Engl., Rus.); BSP/2000/031.

- Gabdrakhmanov S. R. Inefficient Labor Markets and the Emergence of Diversified Firms. 25p. (Engl., Rus.); BSP/2000/32.
- Orlov E. G. Government Subsidies to Russian Firms: Efficient or Not? 44 p. (Engl., Rus.); BSP/2000/033.
- Gureev A. G. Implications of Revenue Sharing for the Problem of Insecure Property Rights. 28 p. (Engl., Rus.); BSP/2000/034.
- Goltsman M. M. Empirical Analysis of Managerial Turnover in Russian Firms. 34 p. (Engl., Rus.); BSP/2000/035.

## **2000 Working Papers**

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- Vasin A. A., Vasina P. A. The Optimal Tax Enforcement under Imperfect Taxpayers and Auditors. 25 p. (Engl.); WP/2000/012.
- Mokharti M., Grafova I. The Russian Federation at Crossroads: Tax Collection, Transfers, and Corruption. 29 p. (Engl.); WP/2000/013.
- Friedman L. A. Globalization: OECD and Developing Countries. 96 p. (Rus.); WP/2000/014.
- Guriev S. M., Ickes B. W. Barter in Russia. 19 p. (Engl.); WP/2000/015.
- Guriev S. M., Kvasov D. V. Barter for price Discrimination? 29 p. (Engl.); WP/2000/016.
- Sotskov A. I. Characterization of Competitive Allocations and the Nash Bargaining Problem. 34 p. (Engl.); WP/2000/017.
- Rockinger M., Urga G. The evolution of stock markets in Central and Eastern Europe. 31 p. (Engl.); WP/2000/018.
- Eismont O. A. World oil price and development of the Russian economy. –19 p. (Engl.); WP/2000/019.

## APPENDIX 5: PLACEMENT OF NES GRADUATES, 1994-2000

CLASS of 1994		
1	Ludmila Belova	Deutsche Bank, London, UK
2	Nina Chebotareva	MA (1995), Tilburg University; Economic Expert Group, the Russian Ministry of Finance; Ministry of Economic Development and Trade, Moscow
3	Irina Dolinskaia	Cambridge Univ., Ph.D.; IMF European II Department, Economist, Washington, DC
4	Dmitri Dubasov	Yale University, Ph.D.
5	Arkady Dvorkovitch	Deputy Minister, Ministry of Economic Development and Trade, Moscow
6	Konstantin Fominykh	MBA (1999), Harvard; Sanford C. Bernstein & Co., Alliance Capital, Research Associate, NYC, NY
7	Yuri Garbuzov	MBA (1997), U Chicago; PIMCO Investment Company, Financial Engineer/Portfolio Manager, California, USA
8	Maria Gorban	CEFIR, Economist, Moscow
9	Anna Gushchina	Consultant, Pricewaterhouse Coopers, Moscow
10	Alexei Kalitin	Stock Management, Analyst; Investment Company Analyst, Moscow
11	Tatyana Kirsanova	D.Phil. in Economics (2001), Oxford University; National Institute of Economic and Social Research, Research Officer, London, UK
12	Victor Koloddenkov	MBA Catholic University of Leuven; Credit Suisse First Boston, Head of Project, Moscow
13	Leonid Koryukin	University of Delaware, Ph.D.; World Bank, Research Officer, Washington, DC, USA
14	Elena Kostyukova	Central Bank of Russia, General Economic Department, Economist, Moscow
15	Viktoria Kotova	Economic Expert Group, Russian Ministry of Finance, Moscow
16	Maxim Kulikov	Economic Expert Group, Russian Ministry of Finance, Moscow
17	Dmitri Levando	Assistant Professor, Higher School of Economics, Moscow
18	Oxana (Dybnikova) Pavlenko	Economic Expert Group, Russian Ministry of Finance, Moscow
19	Maria Petukhova	Ph.D. (2001) Brown University
20	Dmitri Podkopaev	Deceased
21	Alexey Samoukov	European Mergers and Acquisitions GmbH, Moscow; ORION Capital Advisers, Moscow
22	Vladimir Sergeev	Treasurer/Sales Manager, Recursion, USA, Inc., USA
23	Elena Sharipova	MA (1996) Duke University; RECEP, Moscow
24	Dmitri Shatokhin	N/A
25	Tatyana Shevtsova	Stockholm School of Economics, Ph.D.
26	Sergei Song	Yale University, Ph.D.
27	Stanislav Song	J.P. Morgan, Energy Advising Group, Associate, London, UK
28	Natalia Tsiganova	Research Assistant, NES, Moscow
29	Konstantin Tyurin	Ph.D. (2001), Yale University; Assistant Professor, Indiana University, USA
30	Andrei Uspenski	Pioneer Investment, Head of Division, Moscow
31	Alexander Ustinov	Economic Expert Group, Russian Ministry of Finance, Moscow
32	Irina Yakadina	Universitat Pompeu Fabra, Spain, PhD.
33	Ksenia Yudaeva	PhD (1998), MIT; CEFIR, Assistant Professor; NES Visiting Professor & Project Leader
34	Ekaterina Zhuravskaya	PhD (1999) Harvard University; CEFIR, Academic Director; GET Project Leader, NES

CLASS of 1995		
1	Alexander Aganin	Harvard University, Ph.D. (2000); Cornerstone Research, Consultant, California
2	Irina Aganina	Brandeis University, Ph.D.
3	Stanislav Anatolyev	U Wisconsin-Madison, PhD (2000); NES, Assistant Professor, Moscow
4	Maria Arbatskaia	Indiana University, PhD (1999); Assistant Professor, Emory University, USA
5	Ekaterina Atanassian	MindShare Russia Advertising Company, Research Director, Moscow



6	Irina Bogatcheva	U Chicago Business School, MBA (1998); Quantitative Research Analyst, CitiGroup Asset Management, Connecticut, USA
7	Svetlana Danilkina	MIT, Ph.D
8	Oleg Darg	Kuznetskii Most Bank, Moscow
9	Dmitri Davydov	MSc, Financial Engineering, University of Michigan (1999); UBS Warburg, Quantitative Analyst, USA
10	Tatyana Goltseva	MBA (2001), INSEAD, France
11	Nadezhda Ivanova	CEFIR; Graduate Institute of International Studies, University of Geneva, PhD
12	Igor Kondrashin	N/A
13	Maria Korobeinikova	PriceWaterhouseCoopers, Moscow
14	Grigory Kosenok	University of Wisconsin-Madison, PhD
15	Yulia Kosykh	Boston University, Ph.D; LSE, Visiting Professor
16	Oleg Larichev	Troika Dialog, Asset Management, Portfolio Manager, Moscow
17	Sofia Levtschenkova	MA, Australian National University
18	Yulia Nikulicheva	Jones Lang LaSalle, Real Estate and Investment Advisory Services, Research Analyst
19	Galina Ovtcharova	University of Chicago Graduate School of Business, Ph.D.
20	Vladimir Pavlov	Australian National University, Ph.D.; Queensland University of Technology, Lecturer of Economics and Finance, Australia
21	Anna Pavlova	U Penn, PhD (2000); MIT, Sloan School of Management, Assistant Professor of Finance, USA
22	Alexander Posazhennikov	Tilburg University, PhD (2000); Unversitat Dortmund, Faculty of Economics and Social Sciences, Post-Doctorate Research Position
23	Sergei Prudnik	Troika Dialog, Economic Analyst, Moscow
24	Alexander Repkin	PhD (2001) Catholic University of Leuven
25	Andrei Sarychev	MIT, PhD (2000); London School of Economics, Assistant Professor of Economics, UK
26	Andrei Shevchenko	U Penn, PhD (2000); Michigan State University, Assistant Professor of Economics, USA
37	Pavel Svadbin	MBA (2000), Simon Business School, University of Rochester; NES Teaching Assistant, Moscow
28	Yulia Tsepliaeva	US Department of Treasury, Technical Assistance Program, Macroeconomic Advisor, Moscow
29	Natalia Turdieva	Teaching Assistant, NES, Moscow
30	Sergei Zaitsev	LIGGETT-DUCAT Company, Deputy Financial Director, Moscow
31	Igor Zhivukhin	N/A

### CLASS of 1996

1	Mikhail Alexandrovsky	Cheil Communications Inc., Senior Account Executive, Moscow
2	Souren Bassov	PhD (2001), Boston University; Visiting Scholar, Australian National University
3	Sergei Bobyr	MSc (Electrical & Computer Engineering, 1997), U Wisconsin-Madison; KLA-Tencor, Software Engineer, California, USA
4	Galina Borissova	University of California, Berkeley, PhD.
5	Alexey Deviatov	Pennsylvania State University, PhD.
6	Dmitry Druzhinin	Ernst & Young, Senior Auditor, Moscow
7	Artyom Durnev	University of Michigan Business School, PhD.
8	Lev Ivanov	Strategic Manager, Elides, Moscow
9	Vladislav Kargin	PhD (2001), Boston University; Cornerstone Research, California, USA
10	Elena Krasnokutskaya	Yale University, PhD
11	Irina Lapidus	Eurasia Foundation, Moscow
12	Alexei Medvedev	University of Geneva, PhD
13	Alexei Onatsky	PhD (2001), Harvard University; Assistant Professor, Columbia University, USA
14	Yaroslav Peredriy	Russian-European Center For Economic Policy (RECEP), Kiev
15	Julia Rodionova	Boston University, PhD
16	Elena Romanova	London School of Economics; Raiffeisen Bank, Moscow

17	Dmitry Senchukov	Renaissance Capital, Moscow
18	Sofia Sheidvasser	Yale University, PhD (leave of absence); Analyst, Division of Fixed Income, Currencies, and Commodities Research, Goldman, Sachs, and Co., NYC, NY
19	Victoria Shestalova	Tilburg University, The Netherlands, PhD.
20	Kirill Sosunov	PhD (2000), Australian National University; NES Assistant Professor
21	Robert Tchaidze	Johns Hopkins University, PhD; Board of Governors of the Federal Reserve System, Washington, DC, USA
22	Evgeniy Trubach	Divinity Studies, Moscow
23	Alexey Verbetskiy	USAID Project Management Specialist, Moscow
24	Stanislav Volkov	MSc (1998), U Wisconsin-Madison; Assistant Professor, Dept of Mathematics, U Bristol, UK
25	Evgeniy Yuzefovich	University of Maryland, PhD.

### CLASS of 1997

1	Maria Blinkina	Advertising Agency, Moscow (Maternity Leave)
2	Maria Bogdanova	Tilburg University, Ph.D.
3	Fedor Dobritsa	Internet Technologies, Moscow
4	Anatoliy Ereschenko	Bain Link, London
5	Alexey Fedorov	PriceWaterhouseCoopers, Moscow
6	Konstantin Fedorov	Johns Hopkins University, PhD
7	Ekaterina Fedorova	Harvard University, Ph.D.
8	Yuri Fedikh	Washington University, St. Louis, MO, Ph.D.
9	Elena Goldman	Rutgers University, Ph.D.
10	Vyacheslav Gorovoy	Indiana University, PhD.
11	Pavel Grigoriev	MIT, Ph. D.
12	Marat Ibragimov	Specialist, Internet Securities, Security.Com, Moscow
13	Sergey Izmailkov	Pennsylvania State University, Ph.D.
14	Dmitry Jidko	CEMI, Moscow
15	Alexey Jiltsov	London Business School, Ph.D.
16	Anna Khmelevskaia	NES, Outreach Project Coordinator
17	Sergey Khovansky	University of Virginia, PhD.
18	Anastasia Kolodeznikova	GOSKOMSTAT
19	Alexander Labutin	TUMEN Oil Company
21	Valery Manokhin	LIGGETT-DUCAT Company, Internal Auditor, Moscow
22	Yuri Marinets	University of Southern California, Ph.D.
23	Alexandr Matros	PhD (2001), Stockholm School of Economics
24	Tatiana Mikhailova	Pennsylvania State University, Ph. D.
25	Artur Minkin	University of Wisconsin-Madison, Ph.D.
26	Sergey Ovsienko	Boston Consulting Group, Moscow
27	Nikita Piankov	Harvard University, Ph.D.; NES Visiting Professor, 2000
28	Vladimir Rodionov	Georgia Institute of Technology, MA
29	Olga Riazanova	SOBINBANK, Department of Mortgage Loans, Analyst, Moscow
30	Alexey Savvateev	CEMI Research Fellow; NES Teaching Assistant
31	Anna Semikoz	PriceWaterhouseCoopers, Auditor, Moscow
32	Margaritina Shakhova	Analyst, Project Portfolio Center, Federal Project Financing Center, World Bank, Moscow
33	Oxana Shakula	University of British Columbia, PhD.
34	Kristina Shimko	PriceWaterhouseCoopers, Consultant, Management Consulting Services, Moscow

35	Svetlana Stepaniants	NA
36	Julia Timonina	Arthur Andersen Consulting, Position Senior - 3, Moscow
37	Mikhail Vidyasov	Institute of Asia and African Studies; Moscow State University, Teaching Assistant

### CLASS of 1998

1	Elena Alexeyeva	Audit Assistant, Commercial Department, KPMG, Moscow
2	Yuri Andienko	Economist, CEFIR, Moscow
3	Nina Baranchuk	Washington University, St. Louis, MO, Ph.D.
4	Konstantin Belov	Consultant, Programbank Software, Moscow
5	Alexander Gorbachev	Chief Editor, "Games & Kids" Monthly
6	Elena Gorbacheva	Central Bank of Russia, Moscow
7	Anna Dodonova	University of Michigan, Ph.D.
8	Maxim Ivanov	KPMG, Audit Assistant, Commercial Department, Moscow
9	Anastassia Kartacheva	MPSE, Toulouse, Ph.D.
10	Julia Khaleeva	CEFIR, Moscow
11	Yuri Khoroshilov	University of Michigan, Ph.D.
12	Stanislav Kolennikov	University of North Carolina, Chapel Hill, PhD (Statistics)
13	Inna Konavalchuk	Kirov University, Economics Instructor, Russia
14	Igor Kopylov	Rochester University, Ph.D.
15	Karlygash Kuralbaeva	KIMEP, Instructor of Economics, Almaty
16	Artem Kuznetsov	Institute of Financial Studies, Research Assistant; NES Project Co-Leader, Moscow
17	Ivan Levashov	IT Consultant, Accenture, Moscow
18	Oxana Loginova	Duke University, PhD
19	Elena Loukoianova	Cambridge University, PhD
20	Dmitry Malykhin	European Mergers and Acquisitions GmbH, Senior Associate, Moscow
21	Artem Novikov	E-Soft, Moscow
22	Dmitry Novikov	Kellogg Business School, Northwestern University, Ph.D.
23	Sergei Ogluzdin	University of Geneva, GHS, MA Program
24	Oleg Ordin	Institute of Financial Studies, Moscow
25	Elena Paltseva	Stockholm School of Economics, Ph.D.
26	Elena Panova	Universite de Toulouse, PhD.
27	Nina Parfinenko	Pennsylvania State University, Ph.D.
28	Alexander Piskunov	Moscow Agency, Analyst
29	George Saakiant	Andersen Consulting Level 2 Consultant, Moscow
30	Svetlana Shcherbich	CEMI, postgraduate studies
31	Vladimir Smirnov	Australian National University, Ph.D.
32	Ludmilla Solntseva	Research Center Coordinator, NES
33	Constantin Sonin	Post-Doctorate, Harvard University (2001); NES Assistant Professor
34	Alexander Tonis	NES Teaching Assistant, GET Project Assistant; EERC Research Fellow
35	Gauhar Turmuhambetova	University of Chicago, Ph.D.
36	Natalia Volchkova	MIT, Post-Graduate Research Position
37	Natalya Zybuleva	MPSE, Toulouse, Ph.D.

### CLASS of 1999

1	Pavel Anashenko	Indiana University, PhD.
2	Alexandre Andryakov	Economic Expert Group, Russian Ministry of Finance, Moscow

3	Sofia Arshinova	RESO-Garantia Insurance Company, Financial Consultant
4	Rustam Bakirov	NES, Teaching Assistant; EERC Research Fellow, Moscow
5	Andrei Balyakin	Cornell University, PhD.
6	Oleg Bassov	University of North Carolina, PhD.
7	Ekaterina Bayan-Ool	NES, Outreach Project Coordinator
8	Alexei Birulin	Pennsylvania State University, PhD.
9	Andrei Bremzen	MIT, PhD.
10	Sergei Davydenko	London Business School, PhD.
11	Sergei Golovan	NES Teaching Assistant
12	Irina Grafova	University of Michigan, PhD.
13	Maxim Grishan	PAC Consulting; EERC Project, Moscow
14	Ilya Grobman	Sibirski Alumninum
15	Daniil Kleinman	Boston University, PhD.
16	Boris Kovtunencko	Harvard University, PhD.
17	Konstantin Kozlov	NES Teaching Assistant, Project Assistant; Economist, CEFIR, Moscow
18	Dmitry Kvasov	Pennsylvania State University, PhD.
19	Julia Litvinova	Duke University, PhD.
20	Alexei Logvin	Analyst, FINVEST; Research Fellow, EERC, Moscow
21	Yulia Mescheryakova	Northwestern University, PhD.
22	Alexei Moiseev	LIGGETT-DUCAT Ltd., Production Planner, Moscow
23	Igor Muraviev	MDPE Toulouse, PhD
24	Dmitry Perekhodtsev	Carnegie Mellon University, PhD.
25	Anatoly Porozky	Tilburg University, PhD.
26	Sofia Ragulina	NIKOil Investment Banking Group, Research Department, Consumer Analyst, Moscow
27	Lola Rakhimova	UNILEVER Trading Company, Assistant Manager, Moscow
28	Konstantin Rybakov	University of Toronto, PhD.
29	Konstantin Saakov	DeMontford University, PhD.
30	Yuliya Seina	COMCON Media, Media and Market Research, Special Project Manager, Moscow
31	Rodion Skovoroda	DeMontford University, PhD.
32	Irina Slinko	SITE, Stockholm School of Economics, PhD
33	Ilya Streboulaev	London Business School, PhD.
34	Anton Suvorov	MDPE, Toulouse, PhD.
35	Tatyana Tchesnokova	Pennsylvania State University, PhD.
36	Alexei Tchisty	Stanford Business School, PhD.
37	Pavel Trisch	Wharton Business School, University of Pennsylvania, PhD.
38	Inna Verbina	UNU Wider, Helsinki, Finland
39	Olga Voitkova	Corporate Finance Department, YUKAS Oil Company, Moscow
40	Nadezhda Yakovleva	Tax Department, ArthurAndersen Consulting, Consultant
41	Alexei Zakharov	CEMI Research Fellow

### CLASS of 2000

1	Akhmed Akhmedov	CEFIR Research Assistant; Teaching & Research Assistant, NES, Moscow
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