

РОССИЙСКАЯ ЭКОНОМИЧЕСКАЯ ШКОЛА

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NEW ECONOMIC SCHOOL

***New Economic School  
Annual Report,  
2004-2005***

**Moscow, August 2005**

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# RECTOR

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The academic year 2004-05 has brought the School many changes and achievements. We have trained another 50 MAs in economics. The School's faculty has expanded further and has made a breakthrough in terms of publications in the very top academic journals. The School has gone through a governance reform and a management succession. NES has also launched a bank-financed student loan program. Finally, the School has received first commitments for contributions to its endowment.

The most important change – certainly not an achievement – has been the retirement of Gur Ofer from the position of the Coordination of the International Advisory Board. Gur, a co-founder of the School in 1992 and the Coordinator of the IAB since then. He has essentially envisioned the School's future and sketched the most unrealistic long-term plans in turbulent times when planning horizons spanned for months rather than decades. Building the School and implementing these plans required scores of truly outstanding individuals; many of them were united around Gur's vision and inspired by his leadership.

In our annual conference in May we held a special session in Gur's honor. While we hope that Gur has enjoyed it, we have only begun to repay our debt to Gur and will continue to find ways to acknowledge the contribution of the missionary who made the School what it is today. The best way to do that is certainly to make sure that the School continues to accomplish the most ambitious goals set by Gur. In particular, last year we have managed to further increase our faculty by hiring Sergey Stepanov, PhD Free University of Brussels, NES' 00. Sergey is joining NES in September 2005 to work in the field of corporate finance and microeconomics. We have also integrated faculties of NES and of the Center for Economics and Financial Research (CEFIR). The unified faculty of NES and CEFIR (now officially becoming "CEFIR at NES") includes 13 full-time assistant and associate professors and 3 half-time full professors. Thirteen full-time faculty are certainly not enough for a sustainable department of economics, but it is thirteen more faculty members than we had in 1998. Also, it is already sufficient to be able to afford regular sabbaticals which are common in the Western universities, and are especially important in a small department like ours. After the sabbaticals of Ekaterina Zhuravskaya and myself in Princeton a year ago, and Konstantin Sonin's last year, we will have Oleg Zamulin on leave to Stockholm next year. While we will miss Oleg's teaching and have hard time replacing Oleg as Head of Admissions and Head of Outreach, we are happy that Oleg will have more time for his research.

The other achievement is the breakthrough in quality of faculty publications. Last year, the faculty's work started to come out in the very top academic journals, including Quarterly Journal of Economics, Econometrica and American Economic Review.

In September 2004, IAB has also made the first tenure promotion. As it was my own case, I am not aware of the details, but it is my understanding that the process was very similar to those in the American research universities, with five letter writers from the best departments of economics.

Being rational homo economicus, we have never expected to replace Gur with one person however bright this person could be. Therefore we have created a collegial governance body, the Board of Directors, chaired by Maxim Boycko and including Erik Berglof, Arkady Dvorkovich, Barry Ickes, Valery Makarov (who has become the President of the School), and myself as Rector. The Board meets bimonthly to make strategic and operational decisions, evaluates the management of the School, and approves budget, audit, and executive compensation. On academic matters such as curriculum development, appointments and promotions of the faculty, the Rector and the Board consult International Advisory Board, chaired by Erik Berglof, which meets twice a year. The School's Russian Advisory Board, also chaired by Maxim Boycko, meets annually and advises the School on its relations with Russia's economics and economic policy community.

Such a governance structure is very similar to those at Western universities and greatly facilitates running the School as it clearly delineates authority and defines the responsibilities. Being the major guardian of the School's long-term strategy and mission, the newly created Board has launched a re-evaluation of the School's mission. The process took several months. The special Task Force, led by Assistant Professor Andrei Bremzen, has interviewed 50 stakeholders in Russia and abroad. In the end of the day, the Board decided that the School's mission should be broadened but not substantially. The School's primary focus should remain to maintain quality and focus on excellence in economics education and research. Yet, the new mission and the five year strategic plan to be developed next year will also include further efforts to provide NES graduates with skills in finance and in economic policy. The latter will enhance their career opportunities in Russia's private and public sector.

The changes in governance also included changes within the School. Victor Polterovich was appointed the First Vice Rector, Alexander Fridman assumed a position of Advisor to the President. Zarema Kasabieva has become Vice Rector for Academic and Student Affairs. Oleg Adamovsky, the General Director at CEFIR, has also become Chief Operating Officer at NES.

In July 2005, NES graduated its twelfth class bringing the total number of graduates to 469. Out of them, almost 300 are working in Russia, including 200 in the private sector, mostly in international companies, investment banks, and consulting. Others pursued a career in academia, government and think tanks, including NES and CEFIR. About 170 graduates are working or studying abroad. Out of 160 NES graduates who went to continue their studies in the top PhD programs (such Harvard, MIT, Chicago, Stanford, Yale, Northwestern, Columbia, NYU, Penn, LBS, Toulouse and others), 50 have already completed their degrees. More than 30 PhDs work as academic economists in Western universities including MIT, Stanford, Yale, Columbia, Penn, NYU, LSE and others, in the World Bank and IMF, 10 are working in the private sector abroad, and 10 have returned to Russia.

Our recent survey of graduates has shown that NES education pays off whatever career the graduates pursue. Not only the starting salaries are high, averaging USD 15K in 2004. NES graduates also see their incomes grow fast as the job market rewards the fundamental skills they possess. The average and median income after 10 years upon graduation is USD 60 thousand.

The majority of 2005 graduates are also staying in Russia. Out of 50 graduates, only 9 will continue their studies in doctoral programs abroad, 5 will work in academia and think tanks in Russia, and others will work in the private sector. While our program is not exactly built for training private sector economists for Russia, the recent introduction of applied courses and applied specialization in finance have greatly improved our graduates' career potential in Russia. The majority of our graduates find jobs well ahead of graduation. Also, unlike the previous years, they can afford to request starting the work upon graduation rather than discontinuing their studies whenever a position opens up. This also reflects a growing competition for NES graduates among Russian employers. The latter are now more active in targeting NES students specifically. Last year we have received tens of direct requests for candidates. There have been 10 employer presentations throughout the year – quite a few given the size of the graduating class. Yet, we certainly know that we can do better in terms of placing the students and maintaining the links to NES alumni. This is why we have established a special position of Admissions, Placement, and Alumni Coordinator and are very happy to have Svetlana Volkova assume this job starting September 2005. We will also continue to enrich our curriculum with Russia-related content wherever it is not compromising the international compatibility and quality of our program.

Similarly to the years of “Russian boom” of 1996-98, only 20% of our graduates apply for PhD programs abroad. Counting graduates of previous classes, this year we placed only 12 people in the doctoral programs in the US and Europe. As the numbers are going down, the quality remains high: our graduates are going to Harvard, Stanford (3 of them!), Yale, Penn, Duke, Toulouse, etc. Of course, one should not compare the current situation in Russia's economy with that of 1998 when the meltdown put many fresh NES graduates out of their jobs. Yet, the 1998 experience has also provided a lesson that it is never too late to reconsider. NES program provides transferable and durable skills so that whenever a NES alumnus reconsiders the decision to stay in Russia, there is always an option to continue the studies in a PhD program abroad.

NES has also made a reasonable progress in the direction of financial sustainability. Even losing two major donors – the Eurasia Foundation and the World Bank – and seeing a substantial increase in rent, NES has managed to avoid financial crisis by undertaking certain costcutting measures and by launching a bank-financed student loan program. The leading Russian retail lending bank Russian Standard has agreed to provide student loans to NES students for the full amount of tuition for 12 years with 2 year grace period. While the interest is unprecedentedly low for Russia, it is still as high as 10% p.a. in dollar terms which amounts to \$144 monthly payments for 10 years upon graduation. This is why it is crucial to make sure that (i) NES graduates are able to find highly-paid jobs (ii) communicate the level of private returns to NES education to applicants. We are currently seeking ways to subsidize interest rates but so far it seems hard as the subsidies are taxed at 35% rate and too costly to administer.

The other two major improvements are commitments for capital grants received from MacArthur Foundation and Soros Foundation (HESP). These grants will probably be used to acquire a building which will bring high return in terms of saving on rent. NES has also launched a project to establish a legal

structure for owning the building and managing a financial endowment. To assure financial sustainability, NES has to raise USD 20-25 million dollars in capital grants until 2010.

Our progress in fundraising within Russia has been rather modest. There are two major reasons. First, the political developments in the country have reduced private donors' willingness to support pro-Western non-government organizations. Second, our fundraising efforts have been weakened by vacating the position of Vice-Rector for Strategic Development. Starting next year, we will reinstitute this position as that of Director for Development, and are happy to have Alexei Sitnikov to join NES in this role.

Last year, NES has pursued a number of initiatives to build joint programs and alliances. The functional integration with CEFIR has effectively been completed. CEFIR keeps separate legal entity, separate budget, and separate Board, but the operational management and faculty have been unified. NES is in the process of following the same integration model with Economics Education and Research Consortium (EERC).

NES is also discussing joint activities with a number of sister academic institutions in Moscow, including Moscow School of Social and Economic Sciences (MSEES), Higher School of Economics (HSE), Institute for Economics in Transition (IET), Academy of National Economy (ANE), Moscow Institute of Physics and Technology (Phystech), and the forthcoming Russian School of Management. So far, these negotiations have produced only a few specific results. First, NES and MSEES agree to co-locate in a new building. Second, NES, IET, and Phystech agreed to accredit NES courses as a part of Phystech graduate curriculum for students registered at Phystech-IET economics track. Essentially, all NES students coming from Phystech (currently 20% of NES class) will be able to count all their NES courses towards their Phystech degree; so there would be no need for double course-taking. Third, and most importantly, NES and HSE have started to offer joint tenure-track positions in the international job market. This has set a precedent for creating a tenure-track position in a Russian state university. We have actually made a joint offer this year which was unfortunately not taken. Yet, HSE has been able to hire another candidate Maxim Nikitin (PhD Pittsburg, Assistant Professor, Alberta) as a full-time tenure-track assistant professor. While this development potentially creates a competition to NES, it is the case where an entry of a competing Russian school into the market provides a net benefit to us, and we are delighted to see HSE promoting our overall mission of building a modern economics profession in Russia.

The next year will also be full of challenges and hopefully accomplishments. NES will reinforce its Economic Policy track within its MA in Economics program and will develop a new one-year Masters in Finance program targeted at mid-career professionals. NES will design a legal structure for endowment and will seek new contributions beyond those already committed for the new building.

NES will also finalize a new five-year strategic plan. The year 2005 is the last year of the first five-year plan developed at NES in 2000. NES has mostly accomplished objectives set in that plan even though these were very ambitious. The new plan will be based on the mission approved by the Board of Directors on July 6, 2005 and will therefore be necessarily even more ambitious. Yet, so far the track record of the School has been to set grand long-term goals and be surprisingly successful in accomplishing them. Hopefully, the coming annual reports will conclude with the very same words.

Rector



Sergei Guriev

# ACADEMIC PROGRAM

The New Economic School is committed to providing a Master's level degree program in economics of a standard equal to that of Western European and North American universities. Since few of our students have studied economics before enrolling, the program consists of three components. First, it begins with intermediate level undergraduate courses in economics, as well as advanced courses in mathematics, probability and statistics. These are intended to introduce students to the fundamental concepts of economic theory and to enrich their knowledge of the basic tools of economic analysis. Second, students are offered a standard set of courses in graduate level economic theory and the range of elective courses dealing with a variety of applied topics as well as with special issues of transition to market economy. These courses are comparable in content and standard to those offered in the framework of first year PhD programs at top universities in North America and Western Europe. Third, students are required to write a term paper and an MA thesis, based on the research projects undertaken jointly with NES faculty. The term papers and the theses are regarded as part of the training essential for a career of a professional economist.

In the last few years a larger number of our graduates have preferred to work in the private sector rather than continue their studies as PhD students. To meet their demand we have tried to strengthen the applied side of our Academic Program. In 2002-2003 we introduced an experiment of offering 5 special "applied" fields of study (Finance, Data Analysis, Economic Policy, Industrial Organization and Managerial Economics). To get a specialization, a second year student had been required to take 7 one-module courses from a related list. However, there were complaints that this system resulted in crowding out other courses, which were not required for any special category. In the AY2003-2004 the Managerial Economics was omitted from the list of specialized fields, which reduced the minimum requirement for a special field to 5 courses, and 2 fields in Advanced Micro and Macro (theoretical rather than applied) were added.

In 2004-2005, the Program and Requirements remained substantially the same. However, several advanced courses were added to the Program (Law and Economics, Antitrust, Topics in Empirical IO). The courses cover comparatively new areas of applied economics, and they enriched our Special Field Programs. All our graduates received Diplomas with special fields, many of them with two or more fields.

The Academic Program for 2004-2005 and NES Academic Requirements are listed below. [Appendix 1](#) contains the synopses of the courses.

## *NES Academic Program*

<b>Module 1, September 6 — October 22, Exams: 23 — 31 October</b>			
<b>Year 1 Course</b>	<b>Professor(s)</b>	<b>Year 2 Course</b>	<b>Professor(s)</b>
Microeconomics 1	R. Gronau, O. Moav	Macroeconomics 6 (required) (one stream)	O. Zamulin
Macroeconomics 1	O. Zamulin (two streams)	Econometrics 4 (required) (one stream)	S. Anatolyev
Probability Theory	S. Aivazian, P. Katyshev	Investment Theory	A. Goriaev
Mathematics for Economists 1	V. Polterovich, V. Bulavsky E. Golstein, A. Shananin	Recursive Macroeconomics I	A. Deviatov
English	O. Marenkina, V. Balashova R. Burdonskaya, V. Makarenko, V. Salistra	Growth and Development*	O. Moav
		Labor Economics I *	R. Gronau
		Transition	V. Popov
		History of Economic Thought I (required)	R. Entov
		Topics in Game Theory	G. Kosenok
		Meeting of Research Groups (required)	
<b>Module 2, November 1 — December 17, Exams: 18-26 December</b>			

<b>Year 1 Course</b>	<b>Professor(s)</b>	<b>Year 2 Course</b>	<b>Professor(s)</b>
Microeconomics 2	G. Kosenok (two streams)	Applied Time Series Econometrics	S. Anatolyev
Macroeconomics 2	A. Sarychev (two streams)	Theory of Economic Reform*	V. Polterovich
Mathematical Statistics	S. Aivazian, P. Katyshev, A. Peresetsky	Economics of Corruption	M. Levin
Mathematics for Economists 2	V. Bulavsky, M. Levin, A. Sotskov	Recursive Macroeconomics II	A. Deviatov
English	O. Marenkina, V. Balashova, R. Burdonskaya, V. Makarenko, V. Salistra	Russia's Financial System	E. Gurvich
		Industrial Organization 1*	O. Eismont
		History of Economic Thought I (required)	R. Entov
		International Finance	G. Ovcharova
		Advanced Asset Pricing	G. Ovcharova
		Meeting of Research Groups (required)	
		English (for intermediate level groups)	R. Burdonskaya, V. Makarenko, V. Salistra
<b>Module 3, January 10 — February 25, Exams: February 26 — March 6</b>			
<b>Year 1 Course</b>	<b>Professor(s)</b>	<b>Year 2 Course</b>	<b>Professor(s)</b>
Microeconomics 3	L. Polishchuk (two sections)	Public Economics I*	V. Makarov
Macroeconomics 3	V. Polterovich, N. Volchkova	Industrial Organization II*	A. Bremzen
Games 1	A. Bremzen, A. Vasin	International Trade*	V. Polterovich
Econometrics 1	A. Peresetsky (2 streams)	Topics in Empirical Auctions	G. Kosenok
English	O. Marenkina, V. Balashova, R. Burdonskaya, V. Makarenko, V. Salistra	Regulation	O. Eismont
		Continuous-Time Finance	S. Caner
		Corporate Finance	A. Gorjaev
		Monetary Theory	A. Deviatov
		Behavioral Economics	A. Suvorov
		Russia in the Global Environment: Past and Present	L. Fridman
		Meeting of Research Groups (required)	
		English (for intermediate level groups)	R. Burdonskaya, V. Makarenko, V. Salistra
<b>Module 4, March 7 — April 22, Exams: April 23 — May 1</b>			
<b>Year 1 Course</b>	<b>Professor(s)</b>	<b>Year 2 Course</b>	<b>Professor(s)</b>
Microeconomics 4	A. Suvorov, A. Tonis	Law and Economics	L. Polishchuk
Macroeconomics 4	A. Deviatov (two sections)	Natural Resources	O. Eismont
Games 2	A. Bremzen	Public Economics II*	L. Polishchuk
Econometrics 2	P. Katyshev	Trade Policy	K. Yudaeva, N. Volchkova
English	O. Marenkina, V. Balashova, R. Burdonskaya, V. Makarenko, V. Salistra	Labor Economics II*	I. Denisova
		Open Macroeconomics*	K. Sosunov
		Contract Theory	S. Guriev
		Empirics of Financial Markets	A. Gorjaev
		Topics in Empirical IO	G. Kosenok
		Antitrust	R. Pittman
		Meeting of Research Groups (required)	
		English (for intermediate level groups)	R. Burdonskaya, V. Makarenko, V. Salistra
<b>Module 5, May 10 — June 24. Exams: June 25 — July 3</b>			



<b>Year 1 Course</b>	<b>Professor(s)</b>	<b>Year 2 Course</b>	<b>Professor(s)</b>
Microeconomics 5	S. Guriev A. Bremzen	Risk Management	A. Goriaev
Macroeconomics 5	K. Sosunov (two sections)	Topics in Econometrics	S. Anatolyev
Russian Economy (elective)	V. Popov	Meeting of Research Groups (required)	
Econometrics 3	S. Anatolyev (two sections)	English (for intermediate level groups)	R. Burdonskaya, V. Makarenko, V. Salistra
English	O. Marenkina, V. Balashova, R. Burdonskaya, V. Makarenko, V. Salistra		
<b>The sign* means that the course belongs to a general field</b>			

## ***NES Academic Requirements***

**To complete MA in Economics program each student has to fulfill the following academic requirements:**

1. One has to get 20.5 credits in total.
2. One has to get 14.5 credits for the Obligatory Courses (see Table 1).
3. One has to get not less than 1.5 credits for the General Fields (Table 2); some courses from at least three different General Fields have to be taken.
4. Each student has to choose one out of three options:
  - A) to get 3.5 credits for the General Fields (Table 2);
  - B) to get 2.5 credits for one of the Special Fields described in Tables 3-6;
  - C) to get 2.5 credits for one of the Special Fields, described in Tables 7-8, and not less than 2.0 credits for the General Fields (Table 2).
5. One has to write a term paper and Master Thesis.

Second year students had to announce their choices not later than November 5, 2004.

**Table 1. Obligatory Courses for all students**

<b>No</b>	<b>Course</b>	<b>Credit</b>
1	Macroeconomics 1-6	3.0
2	Microeconomics 1-5	2.5
3	Mathematics for Economists	1.0
4	Probabilities	0.5
5	Mathematical Statistics	0.5
6	Game Theory	1.0
7	Econometrics 1-4	2.0
8	History of Economic Thought	1.0
9	Research Seminar	2.0
10	English	1.0
<b>Total</b>		<b>14.5</b>

**Table 2. General Fields and Field Courses**

<b>No</b>	<b>Field</b>	<b>Course</b>	<b>Teacher</b>
1	Development Economics	Growth and Development Theory of Economic Reform	O. Moav V. Polterovich
2	Industrial Organization	Industrial Organization I Industrial Organization II	O. Eismont A. Bremzen
3	International Economics	International Trade Open Macroeconomics	V. Polterovich K. Sosunov
4	Labor Economics	Labor Economics I Labor Economics II	R. Gronau I. Denisova
5	Public Economics	Public Economics I Public Economics II	V. Makarov L. Polishchuk

**Table 3. Special Field: Finance**

No.	Course	Teacher
1.	Corporate Finance	A. Gorjaev
2.	Investment Theory	A. Gorjaev
3.	Empirics of Financial Markets	A. Gorjaev
4.	Continuous Time Finance	C. Kaner
5.	Risk Management	A. Gorjaev
6.	Applied Time Series Econometrics	S. Anatolyev
7.	International Finance	G. Ovcharova
8.	Advanced Asset Pricing	G. Ovcharova

**Table 4. Special Field: Data Analysis**

No	Course	Teacher
1	Applied Time Series Econometrics	S. Anatolyev
2	Topics in Econometrics	S. Anatolyev
3	Russia's Financial System	E. Gurvich
4	Transition	V. Popov
5	Empirics of Financial Markets	A. Gorjaev
6	Topics in Empirical Auctions	G. Kosenok
7	Topics in Empirical IO	G. Kosenok

**Table 5. Special Field: Economic Policy**

No	Course	Teacher
1	Public Economics I	V. Makarov
2	Public Economics II	L. Polishchuk
3	Theory of Economic Reform	V. Polterovich
4	Transition	V. Popov
5	Law and Economics	L. Polishchuk
6	Regulation	O. Eismont
7	Trade Policy	K. Yudaeva, N. Volchkova
8	Antitrust	R. Pittman
9	Russia's Financial System	E. Gurvich

**Table 6. Special Field: Industrial Organization and Trade**

No	Course	Teacher
1	Industrial Organization I	O. Eismont
2	Industrial Organization II	G. Kosenok
3	Regulation	O. Eismont
4	International Trade	V. Polterovich
5	Contracts	S. Guriev
6	Antitrust	R. Pittman
7	Topics in Empirical IO	G. Kosenok
8	Trade Policy	K. Yudaeva, N. Volchkova

**Table 7. Special Field: Microeconomics**

No	Course	Teacher
1	Contracts	S. Guriev
2	Topics in Empirical Auctions	G. Kosenok
3	Behavioral Economics	A. Suvorov
4	Law and Economics	L. Polishchuk
5	Economics of Corruption	M. Levin
6	Topics in Game Theory	G. Kosenok

**Table 8. Special Field: Macroeconomics**

No	Course	Teacher
1	Monetary Theory	A. Deviatov
2	Recursive Macroeconomics I	A. Deviatov
3	Recursive Macroeconomics II	A. Deviatov
4	Open Macroeconomics	K. Sosunov
5	Natural Resources	O. Eismont
6	Growth and Development	O. Moav

# FACULTY

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In the academic year 2004-2005 NES faculty increased tremendously and now consists of 16 tenure-track and tenured professors. Mainly, it is a result of the merger between NES and Center for Economic and Financial Research (now CEFIR at NES). In the course of this merger the CEFIR's faculty has joined the faculty of NES. Also NES continues to offer tenure-track positions to candidates with PhDs, specifically targeting NES graduates. Earlier in 2005, the School jointly with CEFIR at NES hired **Sergey Stepanov** as a new Assistant Professor. Sergei holds a PhD in Economics from ECARES at Universite Libre de Bruxelles (2005). He also graduated from NES in 2000 and Applied Mechanics Department of Moscow State Aviation Institute in 1998. His fields are Corporate Finance and Governance, Contract Theory and Microeconomics. In September of 2004 the International Advisory Board made the first tenure decision following the western academic standard. The first associate professorship was awarded to Dr. Sergei Guriev. The 2003-2004 tradition of faculty's sabbaticles continued with Konstantin Sonin spending a year at the Institute for Advanced Studies at Princeton. Professor Stanislav Anatolyev spent four months at the Bank of Finland Institute for Economics in Transition.

In addition to permanent faculty, there are also 5-7 visiting professors, 20-25 part-time lecturers and 30-35 part-time teaching assistants. Among professors and lecturers, there are 3 members of the Russian Academy of Science, 12 PhDs, and the others have degree of Doctor or Candidate of Science. 8 NES professors have joint appointments with CEFIR at NES. NES graduates, currently pursuing their PhDs, are also involved in teaching, research and outreach activities, and are serving as instructors, project leaders, teaching and research assistants. Continuing its efforts of building a completely indigenous Russian faculty NES plans to make additional tenure-track appointments during the coming years. At the same time NES continues to invite about 5-7 visiting professors every year to sustain the mission of NES as a bridge to the global community of economics.

The quality of faculty research—the main quality criteria of economic departments — also grew in 2004-2005. Several articles of NES associate and assistant professors were published in the best international economics journals including Quarterly Journal of Economics, Econometrica and American Economic Review.

The following is a list of those who taught at NES during AY 2004-2005. See also [Appendix 2](#) for research profiles of NES Associate and Assistant Professors.

## ***Full-Time Faculty Members***

### **Tenured Faculty**

**Valery Makarov**, Academician, CEMI RAS  
*Public Economics*

**Victor Polterovich**, Academician, CEMI RAS  
*Mathematics for Economists, Macroeconomics 3, International Trade, Theory of Economic Reform*

**Vladimir Popov**, Carleton University  
*Russian Economy, Macroeconomics 2, Transition*

**Sergei Guriev**, Human Capital Foundation  
Associate Professor of Corporate Finance, PhD (doctorate in economics), post doc, MIT  
*Contract theory, Microeconomics 5*

### **Tenure-Track Faculty**

**Stanislav Anatolyev** (NES'95), Access Industries  
Assistant Professor of Economics, PhD, University of Wisconsin-Madison  
*Econometrics 3, 4, Topics in Econometrics, Applied Time Series Econometrics*

**Andrei Bremzen** (NES'99), PhD, MIT  
*Games 1, 2, Industrial Organization, Microeconomics 5*

**Irina Denisova**, PhD, Manchester,  
CEFIR at NES Assistant Professor  
*Labor Economics II*

**Alexei Deviatov**, PhD (Pennsylvania State University)  
*Recursive Macroeconomics 1, 2, Macroeconomics 4, Monetary Theory*

**Alexei Goriaev**, PhD in finance, Tilburg University  
*Corporate Finance, Investment Theory, Empirics of Financial Markets, Risk Management*

**Grigory Kosenok** (NES'95), PhD, University of Wisconsin-Madison  
*Microeconomics 2, Topics in Game Theory, Topics in Empirical Auctions, Topics in Empirical IO*  
**Konstantin Sonin** (NES'98), PhD in Mathematics, Moscow State University,  
 NES and CEFIR at NES Assistant Professor  
*In 2004—05 on leave to Institute of Advanced Study*

**Sergey Stepanov** (NES'00), PhD, Université Libre de Bruxelles  
 NES and CEFIR at NES Assistant Professor  
*Will be teach since Fall 2005*

**Anton Suvorov** (NES'99), PhD, Université de Toulouse  
 NES and CEFIR at NES Assistant Professor *Behavioral Economics, Microeconomics 4*  
**Ksenia Yudaeva** (NES'94), PhD, MIT  
 CEFIR at NES Assistant Professor  
*Trade Policy*

**Ekaterina Zhuravskaya** (NES'94), PhD, Harvard University  
 CEFIR at NES Assistant Professor

**Oleg Zamulin**, PhD, University of Michigan,  
 NES and CEFIR at NES Assistant Professor  
*Macroeconomics 1, 6*

## Part-Time Faculty Members

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

**Victoria Balashova**, SU-HSE  
*English*

**Vladimir Bulavsky**, CEMI RAS  
*Mathematics for Economists 1, 2*

**Regina Burdonskaya**, NES  
*English*

**Oleg Eismont**, Institute of Systems Analysis RAS  
*Natural Resources, Industrial Organization 1, Regulation*

**Revold Entov**, Institute of the World Economy and International Relations RAS, HSE  
*History of Economic Thought 1, 2*

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

**Eugeny Golstein**, CEMI RAS  
*Mathematics for Economists 1*

**Evsey Gurvich**, EEG  
*Russia's Financial System*

**Pavel Katyshev**, NES, CEMI RAS  
*Mathematical Statistics, Econometrics 2*

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

**Victor Makarenko**, MGIMO  
*English*

**Olesia Marenkina**, NES  
*English*

**Anatoly Peresetsky**, NES, CEMI RAS  
*Mathematical Statistics, Econometrics 1*

**Valeria Salistra**, RAS  
*English*

**Alexander Shananin**, Computer Center RAS  
*Mathematics for Economists 1*

**Kirill Sosunov**, PhD (Australian National University), Institute for Open Economy  
*Macroeconomics 5, Open Macroeconomics*

**Alexander Sotskov**, CEMI RAS  
*Mathematics for Economists 2*

**Alexander Tonis** (NES' 98), NES, CEMI RAS  
*Microeconomics 4*

**Natalya Volchkova** (NES, 98), CEFIR at NES  
*International Trade Policy, Macroeconomics 3*

## Visiting Faculty

**Reuben Gronau**, Hebrew University  
*Microeconomics 1; Labor Economics*

**Omer Moav**, Hebrew University  
*Microeconomics 1, Growth and Development*

**Galina Ovtcharova** (NES'95), Mendoza College of Business  
*International Finance, Advanced Asset Pricing*

**Leonid Polishchuk**, Maryland University  
*Public Economics 2, Law and Economics, Microeconomics 3*

**Andrei Sarychev** (NES'95), London School of Economics  
*Macroeconomics 2*

# RESEARCH

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This section describes the various activities undertaken at NES to maintain its mission as a research university.

## *Research Center*

The NES Research Center was opened in 1995 and since then more than 80 research projects have been conducted by some 450 second year students and dozens of research directors and assistants. Each project produces 3-6 research reports and papers, some by students and some by the project heads. Every team runs its own weekly seminar devoted to their research topics. All participating students write term papers and complete their Master's theses under supervision of their research leaders (see [Appendix 3](#) for the abstracts of master theses in the AY2004-2005). The best Master's theses are published in the *Best Student Papers* series. Project leaders' papers are publishing as *NES Working Papers*. Many of these are presented at various international and Russian conferences, and are published in economic journals. NES conducts two annual research conferences in Spring and Fall.

The Research Committee of the School oversees research at NES. The Committee is composed of members of the International Advisory Board and permanent faculty members. The members for AY 2004-2005 were as follows:

Professor Barry W. Ickes	<b>Co-Chairman</b>
Academician Valery Makarov	<b>Co-Chairman</b>
Professor Stanislav Anatolyev	<b>Director</b>
Olga Kryukovskaya	<b>Coordinator</b>

## Projects

- 1. Econometrics of Financial Markets: nonparametric methods**  
Leader: Stanislav Anatolyev (NES)
- 2. Who Holds Power in the Russian Parliament?**  
Leader: Andrei Bremzen (NES)
- 3. Financial Policy of Russian Companies**  
Leader: Alexei Goriaev (NES)
- 4. Topics on Microeconomics**  
Leader: Sergey Guriev (NES)
- 5. Income Distribution, Mobility and Labor Market**  
Leader: Irina Denisova (CEFIR at NES)  
Consultant: Oded Stark
- 6. Imperfect Information and Bounded Rationality with Application to Macroeconomic Dynamics**  
Leader: Alexei Deviatov (NES)
- 7. Natural Resources Potential and Russian Economy Development**  
Leaders: Oleg Eismont (NES), Sergey Chernavsky (CEMI RAS)
- 8. Empirical Auctions**  
Leader: Grigory Kosenok (NES)  
Consultant: Phil Haile (Yale)
- 9. Knowledge Economy Market in Russia**  
Leader: Valery Makarov (NES)  
Consultant: Anatoly Kozyrev (CEMI RAS)

- 10. Trend of the Banking Sector in Russia and Bank Ratings IV**  
 Leaders: Anatoly Peresetsky (NES), Alexander Karminsky (MGТУ, Gazprombank)  
 Consultant: Bertrand Melenberg (Tilburg University, Netherlands)
- 11. Economics of Non-profit Organizations**  
 Leaders: Leonid Polishchuk (Maryland University and NES), Alexandra Vacroux (Harvard)  
 Consultant: Gur Ofer (Herbaw University and NES)
- 12. Globalization and Economic Growth in Developing and Transition Economies: institutional aspects**  
 Leaders: Victor Polterovich (NES, CEMI RAS), Vladimir Popov (NES, Carleton University)
- 13. Welfare Effects and Society Losses of Taxation and Inflation**  
 Leader: Alexander Sotskov (CEMI RAS)  
 Consultant: Stephen Turnovsky (University of Washington)
- 14. Topics in Microeconomics: experts, intermediaries, communication**  
 Leader: Anton Suvorov (NES and CEFIR at NES)
- 15. Mathematical Models of Electricity Markets**  
 Leader: Alexander Vasin (MSU)  
 Consultants: Francisco Marhuenda (University of Carlos III), Polina Vasina (MSU)
- 16. Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models**  
 Leaders: Natalia Volchkova (CEFIR at NES), Kseniya Yudaeva (CEFIR at NES)
- 17. Monetary Policy in Transition**  
 Leaders: Kirill Sosunov (Institute for Open Economy and NES), Oleg Zamulin (NES and CEFIR at NES)

The brief results of this year research projects presented in the [Appendix 4](#).

## Conferences

Between 1995 and 2005 the NES Research Center organized seventeen conferences where faculty and students presented their research. These conferences give NES an opportunity to disseminate the research results to a wider research community in Moscow. The conferences were attended by NES students and faculty, professional economists from government organizations and the private sector, academic institutes and international agencies. These conferences perform an outreach function for the Moscow community, and provide our student researchers with invaluable presentation experience before a well-informed and critical audience. The Spring Conference presentations are given by NES students involved in research projects. As a rule, these presentations reflect the results of their work on Master's theses. The Center's activities for the academic year are brought together in a Fall conference where leaders of each project report the results of their research. This conference also strives to introduce new students to the School's research activities.

The format of the conferences is as follows. A Distinguished Lecture is delivered by a well-known western researcher. A Russian government economist or businessmen gives a Keynote Address on current economic policy. The participation of internationally renowned economists and practitioners intensifies discussions of current economic problems and attracts a broader audience. Speakers in last year included **Alberto Alesina**, *Nathaniel Ropes Professor of Political Economics and Chairman of the Department of Economics at Harvard University*, **Erik Berglof**, *Director of Stockholm Institute for Transition Economics, President of CEFIR at NES, Coordinator of the NES International Advisory Board*, **Barry Ickes**, *Professor of Pennsylvania State University, President of American Friends of NES Corporation*, and **John Litwack**, *Chief Economist of World Bank in Moscow*.

The programs of the 2004-2005 year conferences are included in [Appendix 5](#).

## **Publications**

Since 1998, NES is publishing three publication series. The working paper series presents the recent research of NES-affiliated faculty and staff; there is also a series of the best student papers and a series of lecture notes. Electronic versions of most of these papers are available through the NES homepage at [www.nes.ru](http://www.nes.ru). Since 1998, 77 Best Student Papers, 53 Working Papers, and 16 Lectures Notes have been published in English and/or Russian. The 5 Best Student Papers of the Class of 2005 which are not included in the list below are in print now. The publications are disseminated to Russian universities, academic libraries, and economic research institutes as well as Western transition economics research centers.

[Appendix 6](#) contains the complete list of NES publications since 1998. The list of NES publications for the AY 2004-2005 period is as follows.

### **Best Student Papers**

Egorov G. *Commercial Litigation under Imperfect Information*

Itskhoki O. *Asymmetric Price Rigidity and the Optimal Rate of Inflation*

Semenov A. *The Innovations in the Economy with Exhaustible Resource Sector*

Kulaev S. *Patent Breadth and Antitrust Policy in Cumulative Innovation*

### **Working Papers**

Egorov G., Sonin K. *Dictators and Their Viziers: Agency Problems in Dictatorships Working*

Karminsky A., Peresetsky A., Golovan S. *Bank's Ratings Models. Dynamic and Comparison*

Polterovich V., Tonis A. *Innovation and Imitation at Various Stages of Development: A Model with Capital*

Rachinsky A. *Energy Sector Reform: on the Way to Free Market*

Vasin A., Vasina P. *Homogeneous Good Markets and Auctions*

### **Lecture Notes**

Anatolyev S. *Intermediate and Advanced Econometrics: Problems and Solutions*

Bremzen A., Guriev S. *Lecture Notes on Contract Theory*

Golovan S., Guriev S., Makrushin A. *Problems in Contract Theory*

Golovan S., Guriev S., Makrushin A. *Contract Theory: Problems and Solutions*

Polterovich V., Zamulin O., Sossounov K., Pekarski S. *Lecture Notes on Macroeconomic Theory: Intermediate Level*

Vasin A. *Evolutionary and Repeated Games*

## ***Selected Publications of NES Faculty***

The following is a partial list of the publications by NES faculty that have appeared in peer-reviewed international journals and as book chapters in the last academic year.

### **Stanislav Anatolyev**

“GMM, GEL, Serial Correlation, and Asymptotic Bias”, *Econometrica*, 2005, 73(3): 983–1002.

“An Alternative to Maximum Likelihood Based on Spacings” (with Grigory Kosenok), *Econometric Theory*, 2005, 21(2): 472-476.

“A Trading Approach to Testing for Predictability” (with Alexaner Gerko), *Journal of Business and Economic Statistics*, forthcoming.

“Inference When a Nuisance Parameter Is Weakly Identified under the Null Hypothesis”, *Economics Letters*, 2004, 84(2): 247-256.

“The Form of the Optimal Nonlinear Instrument for Multiperiod Conditional Moment Restrictions”, *Econometric Theory*, 2003, 19(4): 602-609

### **Alexei Gorjaev**

“Yet Another Look at Mutual Fund Tournaments” (with Theo Nijman and Bas Werker), *Journal of Empirical Finance*, 2005, 12(1): 127-137.

### **Sergei Guriev**

“Contracting on time” (with Dmitriy Kvasov), *American Economic Review*, Dec. 2005.

“Should I Stay or Can I Go: attachment of workers through in-kind payments” (with Guido Friebe), *World Bank Economic Review*, Sept. 2005.

“The Role of Oligarchs in Russian Capitalism” (with Andrei Rachinsky), *Journal of Economic Perspectives*, Winter 2005, 131-150.

“Red Tape and Corruption”, *Journal of Development Economics*, 2004, 73(2): 489-504

“Determinants of Interregional Mobility in Russia”, (with Yuri Andrienko), *Economics of Transition*, 2004, 12(1): 1-27

“Barter for Price Discrimination”, (with Dmitry Kvassov), *International Journal of Industrial Organization*, 2004, 22 (3): 329-350

“Incomplete Contracts with Cross-Investments”, *Contributions to Theoretical Economics, Berkeley Electronic Journals on Theoretical Economics*, 2003, 3(1), Article 5

### **Grigory Kosenok**

“An Alternative to Maximum Likelihood Based on Spacings” (with Stanislav Anatolyev), *Econometric Theory*, 2005, 21(2): 472-476.

### **Victor Polterovich**

“Institutional Traps: Is There a Way Out?”, *Social Sciences*, 2005, 36 (1): 30-40.

“Accumulation of Foreign Exchange Reserves and Long Term Economic Growth”, In: *Slavic Eurasia's Intergration into the World Economy*. Ed. by S.Tabata and A.Iwashita. Slavic Research Center, Hokkaido University, 2004.

### **Vladimir Popov**

“Fiscal Federalism in Russia: Rules versus Electoral Politics”, *Comparative Economic Studies*, 2004, 44(4), Dec. 2004: 515-541.



“Down and Up the Stairs: Paradoxes of Russian Economic Growth” (with Maria Gorban, Natalya Volcnkova, Ksenia Yudaeva), In: *The Economic Prospects of the CIS*. Ed. by G.Ofer and R.Pomfret. Edward Elgar Publishing, 2004.

“Currency Crises in Russia and Other Transition Economies”, In: *International Financial Governance under Stress. Global Structures versus National Imperatives*. Ed. by R.D.Underhill, Xiaoke Zhang. Cambridge University Press, 2003.

#### **Konstantin Sonin**

“Information Revelation and Efficiency in Auctions” (with Anna Mikusheva), *Economics Letters*, 2004, 83: 277-284.

“Why the Rich May Favor Poor Protection of Property Rights”, *Journal of Comparative Economics*, 2003, 31(4): 715-731

#### **Ksenia Yudaeva**

“New Political Economy of Russia” (with Erik Berglof, Andrei Kunov, Julia Shvets), *MIT Press*, 2004.

“Does Foreign Ownership Matter? Russian Experience” (with Konstantin Kozlov, Natalia Melentjeva, Natalia Ponomaryova), *Economics of Transition*, 2003, 11(3)

#### **Oleg Zamulin**

“Foreign Currency Pricing” (with Irina Levina), *Journal of Money, Credit, and Banking*, forthcoming.

#### **Ekaterina Zhuravskaya**

“Who Are the Russian Entrepreneurs?” (with Simeon Djankov, Edward Miguel, Yingyi Qian, Gerard Roland), *Journal of European Economic Association Papers and Proceedings*, forthcoming.

“Laws for Sale: Evidence from Russia” (with Evgeny Yakovlev and Irina Slinko), *American Law and Economics Review*, 2005, 7: 284-318.

“Opportunistic Political Cycles: Test in a Young Democracy Setting” (with Akhmed Akhmedov), *Quarterly Journal of Economics*, 2004, 119(4): 1301-1338.

“Federal Tax Arrears in Russia: Liquidity Problems, Federal Redistribution, or Regional Protection?” (with Maria Ponomareva), *Economics of Transition*, 2004, 12(3): 373-398.

## ***NES and CEFIR Seminars***

NES and Center for Economic and Financial Research at NES host two seminar series: a biweekly Public Seminar and a weekly Research Seminar. The public seminar is intended for prominent Russian and foreign scholars, policymakers and private sector representatives present their views on topical issues in a non-technical fashion accessible to general public. The research seminar is a conventional academic seminar where Russian and visiting academic economists present their research in all fields of economics. These seminars are open to all who have an interest in the topic, and are announced to the public through our electronic mailing list. The following are the lists of seminars for the academic year 2004-2005 (including job market ones).

### **NES/CEFIR Public Seminars**

**Alexander Auzan**, Moscow State University and  
NPI Social Contract  
*Civil Society: A Neo Institutional Analysis*

**Selcuk Caner**, Bilkent University  
*Efficiency of the Banking Sector in the Russian  
Federation with International Comparison*

**Slobodan Djajic**, Graduate Institute of International  
Studies, Geneva  
*On the Economics of Immigration and Enforcement  
Policies of the Advanced Countries*

**Kristalina Georgieva**, World Bank  
*Public-Private Partnerships in Russia*  
**Andrei Illarionov**, Adviser to the President of  
Russia, Member of the NES Russian Advisory  
Board  
*What are the Russian Economy Diseases?*

**Rostislav Kapelyushnikov**, SU-HSE  
*Russian Model of the Labor Market*

**Yulia Latynina**  
*Russia When Will a Crisis Arise?*

**Francisco Marhuenda**, University of Carlos III  
*On Altruism, Efficiency and Public Goods*

**Vitaly Nayshul**, Institute for National Economic  
Model  
*Russia Today: Institutional Challenges*

**Lev Nikolau**, Club 2015  
*From Fear to Trust*

**Russell Pittman**, US Department of Justice and NES  
*Recent Developments in the Railroad Reform in Russia*

**Leonid Polishchuk**, Center for Institutional Reform  
and the Informal Sector, and NES  
*Kings and Cabbages of the Russian University System:  
Competition and Quality in a Two-Sector Model of  
Higher Education*

**Andrei Shevchenko** (NES'95), Michigan State  
University  
*Prices, Information and Learning*

**Dmitry Zimin**, Dynasty Foundation, VympelKom  
*My Experience in the Russian Economy*

### **CEFIR/NES Research Seminars**

**Akhmed Akhmedov** (NES'00), CEFIR at NES  
*Human Capital and Political Business Cycles*

**Yuri Andrienko** (NES'98), CEFIR at NES  
*The Estimation of the Individual Demand for  
Alcohol*

**Petr Andrukovich**, CEMI RAS  
*Long-term and Medium-term Dynamics of Dow  
Jones Index*

**Anders Aslund**, Carnegie Endowment for  
International Peace  
*Is the Orange Revolution Leading to Populism:  
Observations on Ukraine's New Economic Policy*

**Oleksii Birulin** (NES'99), University of Sidney  
*On Efficiency of the English Auction*

**Jeroen van de Ven**, Utrecht School of Economics  
*Aspiration Level, Probability of Success, and  
Expected Utility*

**Peter Davies**, Vice President and Chief Economist  
of BP  
*Energy Markets: A Global Perspective Challenges  
of a High Price Environment*

**Michail Dmitriev**, Center for Strategic Research,  
Russian Advisory Board of NES  
*Results and Perspectives of Economic Reforms in  
Russia*

**Ruben Enikolopov** (NES'02), Harvard University  
*Appointed versus Elected Public Officials:  
Evidence from the U.S. Local Governments*

**Scott Gelbach**, University of Wisconsin-Madison  
*A Political Model of Exit and Voice*

**Sergei Guriev**, NES

*Earnings Manipulation and Internal Incentives*

**Marek Jarocinski**, Universitat Pompeu Fabra and CASE

*Responses to Monetary Policy Shocks in the East and the West of Europe: A Comparison*

**Olga Lazareva**, CEFIR at NES

*On-the-Job Training in Russia: Determinants and Returns*

**Olga Lazareva**, CEFIR at NES

*Social Assets in Russian Firms*

**Mikhail Lokshin**, World Bank

*Who Bears the Cost of Russia's Military Draft*

**Alexei Makrushin** (NES'00), CEFIR at NES

*Forecasting of Economic and Budget Indicators*

**Omer Moav**, Hebrew University of Jerusalem and NES

*Land Inequality and the Origin of Divergence and Overtaking in the Growth Process: Theory and Evidence*

**Nienke Oomes**, International Monetary Fund

*Dollarization Dynamics in Russia*

**Yakov Pappe**, Institute of National Economic

Forecasting of RAS

*The New Incarnation of Large Russian Business: The End of Financially Integrated Groups (2000–04 Trends)*

**Maria Petrova** (NES' 2004), Harvard University

*Inequality and Media Capture*

**Wolfgang Pfaffenberger**, International University

Bremen and Bremer Energie Institut

*Experience of Energy Reforms in Europe*

**Russell Pittman**, USA Department of Justice, and NES

*Competition Law Enforcement in the CEE Countries and Russia*

**Andrey Rachinsky** (NES'01), CEFIR at NES

*A Survey of Corporate Governance Practices in Russia's Regions*

**Niek Schoeman**, University of Pretoria

*Economic Development and Employment in a Dual Economy*

**Michael Schwarz**, Berkeley

*Equilibrium Information Disclosure: Grade Inflation and Unraveling*

**Laura Solanko**, BOFIT

*Explaining Heat Production by Russian Industrial Enterprises*

**Oleg Zamulin**, NES, CEFIR at NES

*Monetary Policy in a Natural Resource Based Economy: The Case of Russia*

**Anton Suvorov** (NES'99), NES, CEFIR at NES

*Advice by an Informed Intermediary: Can You Trust Your Broker?*

**Robert Tchaidze** (NES'96), IMF

*The Use and Abuse of Taylor Rules: How Precisely Can We Estimate Them?*

**Shlomo Weber**, Center for Operations Research and

Econometrics at the Universite Catholique de Louvain  
*The Rawlsian Principle and Secession-Proofness in Large Heterogeneous Societies*

**John Whalley**, Universities of Western Ontario

*Chinese Renimbi Revaluation and the Optimal Exchange Rate*

**John Whalley**, University of Western Ontario

*Metrics Capturing the Degree to Which Individual Economies Are Globalized*

**Evgeny Yakovlev** (NES'01) and **Ekaterina**

**Zhuravskaya** (NES'94), CEFIR at NES

*State Capture and Ownership of Firms in a Federation*

**Fredrik Wilhelmsson**, Lund University, Sweden,

and **Konstantin Kozlov** (NES'99), CEFIR at NES  
*Export and Productivity of Russian Enterprises*

**Andrei Yakovlev**, SU-HSE

*Growing up Innovating Businesses Experience of Chile*

## NES/CEFIR Job Market Seminars

**Rouben Atoian**, University of North Carolina

*Econometric Investigation of Policy Preference Evolution: The Case of Small Open Economy*

**Andriy Bodnaruk**, Stockholm School of Economics

*Proximity Always Matters: Evidence from Swedish Data*

**Olesya Grishchenko**, Stern School of Business

*Internal vs External Habit Formation: The Relative Importance for Asset Pricing*

**Stanislav Kolenikov**, University of North Carolina

*The Use of Discrete Data in PCA: Theory, Simulations and Applications to Socioeconomic Indices*

**Oksana Loginova** (NES' 1998), Duke University

*Competing for Customers' Attention Advertising When Consumers Have Imperfect Memory*

**Ilia Rainer**, Harvard University

*The Modern Impact of Pre-Colonial Centralization in Africa*

**Sergei Stepanov** (NES' 2000), ECARES,  
Universite Libre de Bruxelles  
*Shareholder Access to Manager-Biased Courts and  
the Monitoring/Litigation Tradeoff*

### ***Zvi Griliches Distinguished Lectures***

Zvi Griliches was one of the founders of the New Economic School in Moscow and one of its main academic architects. Zvi served as a member of the NES International Advisory Board from its inception until his death in 1999. During this period, Zvi made many trips to NES. He taught econometrics, and helped shape the NES program in econometrics. Zvi also helped enlist the first cohort of visiting professors to NES and opened the door for the first graduates of NES to the best graduate schools in the US for PhD studies. In 2001 in Zvi's memory, the International Advisory Board of NES, with the full approval of the NES community, decided to establish an annual series of lectures in economics, "The Zvi Griliches Distinguished Lectures." They are presented by a leading economist and open to economic community in Russia and to the general public.

Among the first speakers were **Olivier Blanchard**, Chair of the Economics Department of MIT and member of the International Advisory Board of NES (2001—02), **Ariel Pakes**, professor of Economics at Harvard University (2002—03) and **Roger Myerson**, William C. Norby Professor of Economics at University of Chicago (2003—04).

The fourth speaker was **Alberto Alesina**, Nathaniel Ropes Professor of Political Economics and Chairman of the Department of Economics at Harvard University, presented in May 2005 three lectures on ***The Size of Countries: Economic Integration and Political Disintegration, The Choice of Electoral Rules, and Preferences for Redistribution: US versus Europe.***

# STUDENTS AND APPLICANTS

This section profiles our current students at entry, and provides a description of our recruiting activities and the applicant profiles.

## *Profile of Current Students*

The following section provides a demographic profile of the first and second year students enrolled at NES in the academic year 2004-2005. The [Appendix 7](#) reflects the personal information on education prior to enrolling at NES, regional diversity and gender of students.

**Table 1: Students Enrolled at NES in 2004-2005**

	CLASS OF 2006		CLASS OF 2007	
		%		%
<b>Registered students</b>	102	100%	104	100%
<b>Profile of regular students</b>				
Average age	22,1		22,3	
Men	67	66%	82	79%
Women	35	34%	22	21%
Married	7	7%	2	2%
Non-Muscovites	78	76%	70	67%
<b>Educational background and degrees:</b>				
Mathematics	52	51%	52	50%
Physics	18	18%	23	22%
Economics	24	24%	19	18%
<b>Main Universities students came from</b>				
MSU	44	43%	43	42%
MIPT	17	17%	26	25%
NSU	9	9%	13	13%
HSE	8	8%	4	3%
<b>Students at other Universities</b>	46	45%	18	17%
<b>Plan to pursue studies at the PhD level</b>	33	32%	31	30%
<b>Citizenship</b>	Russia, Ukraine, Kazakhstan, Byelorussia		Russia, Ukraine, Kazakhstan, Moldova	

## *Recruiting Activities*

In the summer of 2005 admission exams were held in Moscow, Novosibirsk, Vladivostok and Almaty (Kazakhstan), as in the previous year. Administration of the exams in different sites gives applicants from other regions the opportunity to take the exams without traveling to Moscow. See below the comparative data for the applicants of 2004 and 2005.

**Table 2: Applicants: 2004 vs 2005**

City	2004			2005		
	Applied	Accepted*	Enrolled	Applied	Accepted*	Enrolled
<b>Moscow</b>	158	110	91	147	103	90
<b>Novosibirsk</b>	23	10	9	23	15	13
<b>Almaty</b>	7	0	0	2	1	1
<b>Vladivostok</b>	8	2	2	6	0	0
<b>Total</b>	<b>196</b>	<b>122</b>	<b>102</b>	<b>178</b>	<b>119</b>	<b>104</b>

\* Including those on the waiting list.

[Appendix 8](#) provides information about the individuals applying to NES in the summer of 2005. Because of NES' reputation, the applicants' pool consists mostly of students with high grades in bachelor programs and strong confidence in their being admitted. Consistent with last year's applicant pool, the number of students applying to NES has remained high in comparison to previous years.

To attract the most prepared perspective applicants NES representatives conducted 3 open houses and several presentations at different universities in Moscow and Novosibirsk. Such activities included:

- New Economic School (3 open houses),
- Bauman Moscow State University of Technologies, participation in the Career day and presentation
- Education and Career Fair, Moscow, Radison Slanyanskaya hotel (2 presentations)
- Higher School of Economics, Moscow, presentation
- Moscow Institute of Physics and Technology, presentation
- Moscow State University Physics Department, participation in the Career day and presentation
- Moscow State University Economics Department, participation in the Career day
- Moscow State University Mathematics Department, participation in the Career day
- Novosibirsk State University, presentation

NES devotes a great deal of effort to keeping close contact with prospective applicants not only during the admissions season, but also in the course of the entire academic year. Prospective applicants are invited to NES Public Seminars and other events that may enhance their interest in economics. To this end, NES maintains a newsletter which is distributed via e-mail to a network of subscribers. During the academic year, more than 360 prospective applicants received regular e-mails with invitations to NES recruitment events, such as Open Houses, presentations, preparatory courses, and preparatory exams.

In 2004-2005, NES continued its efforts to help applicants prepare for the entrance examinations. In Moscow, NES conducted English preparatory evening courses for three groups of prospective applicants (36 academic hours each), and two preparatory evening courses in Math (50 academic hours and 100 academic hours). In Novosibirsk, NES organized a 60 academic hours evening preparatory course in Mathematics.

## ***Entrance Examinations***

As in previous years, entrance exams in 2005 consisted of tests in Mathematics and English, and an Economics essay. Since 2003, almost no modifications were introduced to the exam procedure. The only slight modification was that the English exam was no longer followed by an oral interview with the applicant.

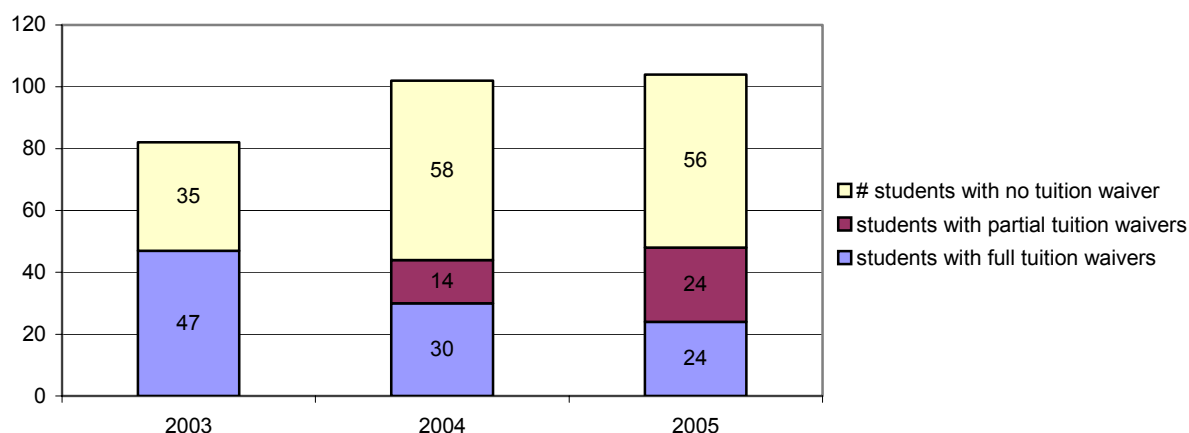
The Mathematics exam is a multiple-choice test, consisting of two parts, each of them two hours long. The test covers major topics in calculus and linear algebra. The English exam is analogous to TOEFL, and an increasing number of applicants choose to submit the results of the formal TOEFL exam instead of taking the test at NES. Economics essay is designed to evaluate the applicant's interest in economics and the ability to think in economic terms. This essay does not have a failing grade, unlike the mathematics and English exams.

## ***Tuition and Financial Aid***

Over the last several years, in accordance with the strategic plan, NES has been gradually adopting a tuition-based system, with the aim that ultimately most students should cover major share of their education expenses. Tuition was raised from US \$2,000 in 2001 to \$4,425—4,925 (difference in \$500 arises if a student lives in dormitories provided by NES) starting in 2005. In addition, the number of students with tuition waivers has been reduced substantially. Simultaneously, NES offers various forms of financial aid to selectively accepted students. Financial aid is given out in three major forms:

- (i) merit-based fellowships or grants distributed in the form of full or partial tuition waivers for the top students;
- (ii) student loans;
- (iii) need-based stipend together with a work-study program.

**Figure 1: Composition of the Incoming Classes With Respect to Tuition Waivers**



Since most of the students do not have the ability to pay for their full-time education, NES helps such students by arranging student loans. Until 2005 these loans were administered through the Moscow office of American Friends of NES, the US-based non-profit organization. Beginning 2005, the administration of this program has been taken over by the Russian Standard Bank. The terms of the loan are much more favorable to students than any other known loan schemes on the Russian financial markets. All admitted students have access to these loans, which have to be repaid with interest in the ten years following graduation. In 2005, 44 students (or 56%) of the 79 without full waivers chose to take out these loans.

Many students also have limited access to funds to cover basic needs during their studies. To help these students NES introduced need-based social stipends in 2005. Six students received a stipend equivalent to US\$60 per month based on demonstrated financial difficulties. Likewise, students continue to have access to a work-study program, in which they work for NES three hours a week and receive a salary of \$5 per hour.

## GRADUATES

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### *2005 Graduates at a Glance*

The following 50 students graduated from NES as the Class of 2005 and were granted degrees at the Annual Commencement Ceremony held on 6 July 2005.

*The Don Patinkin Prize* for the top student in the graduating class was awarded to Pavel Stetsenko and Vadim Cherepanov. Five students were recognized for *the exceptional quality of their Master's theses*. These included Grigory Akshonov, Ilya Vorobiev, Kirill Evdokimov, Anton Cheremukhin, Ilya Sheynzon. Vadim Cherepanov was voted the *Best Teaching Assistant* among the second year students who served as teaching assistants.

#### *Summa Cum Laude*

1. Olexander Gorbenko
2. Pavel Stetsenko
3. Vadim Cherepanov

#### *Cum Laude*

1. Grigory Akshonov
2. Kirill Evdokimov
3. Alexander Rumyantsev
4. Anton Cheremukhin

#### *Diplomas*

1. Evgeny Abramov
2. Pavel Abramov
3. Vasily Akimov
4. Alexander Apokin
5. Dinara Bayazitova
6. Sergey Belousov
7. Fedor Bizikov
8. Valentina Bogomolova
9. Ilya Brukhanov
10. Evgeny Vasin
11. Sergey Vlasov
12. Natalia Volodina
13. Ilya Vorobiev
14. Ekaterina Gorshkova
15. Albina Dzhioeva
16. Alexey Zobotkin
17. Roman Zilberman
18. Grigory Karasyov
19. Alexander Korotkov
20. Sergey Lobanov
21. Sergey Lychagin
22. Alexey Lyubimov

23. Ruslan Mavlikhanov
24. Eugeny Oreshkin
25. Maxim Osadchiy
26. Sergey Popov
27. Yerlan Ramazanov
28. Sergey Rtischev
29. Timur Salikov
30. Mikhail Staroverov
31. Yury Stolbov
32. Alexander Tarasenko
33. Dzambolat Toulatov
34. Evgeny Firsov
35. Pavel Fomin
36. Konstantin Khorev
37. Ruslan Churbanov
38. Diana Shamsutdinova
39. Evgeny Sheenko
40. Ilya Sheynzon
41. Oleg Shibanov
42. Alexey Shishkin
43. Mikhail Shmonov

By the time of graduation 84% of the graduated class have been either already employed or enrolled into the PhD program abroad. The majority of them are staying in Russia. Out of 50, only 9 graduates will continue their studies in doctoral programs abroad, 5 will work in academia and think tanks in Russia, and others will work in the private sector. The detailed information about placement of graduates of Class 2005 is presented in the [Appendix 9](#).

### *Career of NES Graduates*

In July 2005, NES graduated its twelfth class bringing the total number of graduates to 469. Out of them, almost 300 are working in Russia, including 200 in the private sector, mostly in international companies, investment banks, and consulting. Others pursued a career in academia, government and think tanks, including NES and CEFIR. About 170 graduates are working or studying abroad. Out of 160 NES graduates who went to continue their studies in the top PhD programs (such Harvard, MIT, Chicago, Stanford, Yale, Northwestern, Columbia, NYU, Penn, LBS, Toulouse and others), 50 have already completed their degrees. More than 30 PhDs work as academic economists in Western universities including MIT, Stanford, Yale, Columbia, Penn, NYU, LSE and others, in the World Bank and IMF, 10 are working in the private sector abroad, and 10 have returned to Russia.



## Selected Employers in Russia

### *Government and International Agencies*

- Central Bank of Russia
- Expert Department of the President of Russia
- Eurasia Foundation
- International Monetary Fund
- Ministry of Economic Development and Trade
- Ministry of Finance
- USAID
- World Bank

### *Universities and Think Tanks*

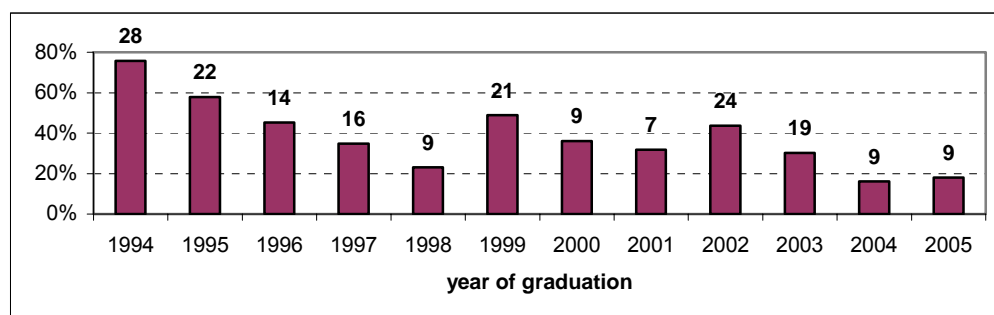
- Carnegie Moscow Center
- Center for Economic and Financial Research (CEFIR at NES)
- Center for Fiscal Policy
- Economic Expert Group
- Higher School of Economics
- Independent Institute for Social Policy
- Institute of Financial Studies
- Institute for the Economy in Transition
- Moscow State University
- New Economic School
- Open Economy Institute
- Russian Academy of Sciences
- State University of Humanities
- Urban Economics Institute

### *Private Companies and Banks*

- Accenture
- ACNielsen
- AGRICO Investment Co.
- Alfa Bank
- Boston Consulting Group
- Branam Management & Financial Consulting
- Brunswick UBS
- Colliers International
- Deloitte & Touche
- Deutsche Bank
- Ernst & Young
- EvrazHolding
- GazPromBank
- Hansabank
- ING Barrings
- International Moscow Bank
- INTERROS
- Jones Lang LaSalle
- JPMorgan
- KPMG
- MAIR, Industrial Group
- MetalInvestBank
- MindShare, Media Company
- NIKOIL Investment Banking Group
- PAC Consulting
- Philip Morris International
- PioGlobal Asset Management
- PriceWaterhouseCoopers
- Princeton Partners Group
- Raiffeisen Bank
- RUSAL
- Russipoteka
- Siberian Coal Energy Company
- SobinBank
- Societe Generale
- Standard&Poor's
- SUEK
- Troika Dialog
- United Financial Group
- Vneshtorgbank
- Wermuth Asset Management

## Study Abroad

Similarly to the years of the “Russian boom” of 1996-98, currently only 20% of our graduates apply for PhD programs abroad. Including the graduates of previous classes, this year we placed only 13 people in the doctoral programs in the US and Europe (9 are the graduates of current year, 2 graduated in 2004 and 2 graduated in 2003). As the numbers are going down, the quality remains high: our graduates are going to Harvard (2 of them), Stanford (3 of them), Yale, Penn (2 of them), Duke, Toulouse, UCLA, University of North Carolina, Cornell University.

**Figure 2: Number and Share of the Students Going on to Get a PhD, 1994-2005**

In 2004-2005 NES introduced a system of advising the the second-year students and past graduates on applying to PhD programs. Dr. Alexei Deviatov, took charge in this process and tried to balance the distribution of applications for admission among major international research universities.

In AY04-05 NES students applying to PHD programs abroad were able to cover part of the application fees due to the generous countirbution of Ilya Strebuyaev, Assistant Professor at Stanford University (NES'99) who established a fund of USD 4000 for this purpose. USD 3240 of this Fund was spent in AY04-05. Ilya has already pledged a USD 5000 contribution for the 05-06 academic year.

## Academic Placement

A number of former NES graduates have come close to completion or fully finished their PhD studies and went to academic the job market this year. Among others, Sergey Stepanov (NES, 2000; PhD from ECARES, Universite Libre de Bruxelles) joined the NES faculty in the Fall of 2005; Stanislav Kolenikov (NES, 1998; PhD from University of North Carolina, Chapel Hill) and Oksana Loginova (NES, 1998; PhD from Duke University) were hired by University of Missouri — Columbia. A number of graduates of various business schools were at the job market this year. Anna Pavlova (NES, 1995; PhD from University of Pennsylvania) left Sloan School of Management for London Business School, Sergei Davydenko (NES, 1999; PhD from London Business School) went to Rothman School of Business at Toronto University, Artem Durnev (NES, 1996; PhD from University of Michigan Business School) went to the School of Management at McGill University, Alexei Tchisty (NES, 1999; PhD from Stanford Business School) went to Stern School of Business,

Averall the pattern of academic placement of NES graduates looks the following way.

**Table 3: Academic Placement of NES Graduates**

#	Name	Class	PhD from	Current Placement	Position
1	Alexander Aganin	1995	Harvard University	Cornerstone Research, California, US	Associate
2	Irina Aganina	1995	Brandeis University	Cornerstone Research, California, US	Associate
3	Stanislav Anatoliev	1995	University of Wisconsin-Madison	NES, Moscow	Assistant Professor
4	Maria Arbatskaia	1995	Indiana University	Emory University, US	Assistant Professor
5	Nina Baranchuk	1998	Washington University, US	University of Texas - Dallas, School of Management, US	Assistant Professor in Finance
6	Souren Basov	1996	Boston University	Melbourne University, Australia	Assistant Professor
7	Galina Borisova (Hale)	1996	University of California, Berkeley	Yale University, US	Assistant Professor
8	Andrei Bremzen	1999	MIT, US	NES, Moscow	Assistant Professor
9	Tatyana Damianovic (Shevtsova)	1994	Stockholm Shool of Economics, Sweden	Robert Gordon University, Aberdeen,	Assistant Professor

UK					
10	Dmitry Davydov	1995	University of Michigan	UBS Warburg, US	Quantitative Analyst
11	Alexey Deviatov	1996	Pennsylvania State University, US	NES, Moscow	Assistant Professor
12	Anna Dodonova	1998	University of Michigan	University of Ottawa, Canada	Assistant Professor
13	Irina Dolinskaya	1994	Cambridge University		
14	Sergei Davydenko	1999	London Business School	Rothman School of Business at Toronto University	
15	Dmitry Dubasov	1994	Yale University	FNMA, Washington DC, US	Financial Economist
16	Artyom Durnev	1996	University of Michigan Business School	McGill University, School of Management, US	Assistant Professor
17	Sergey Izmalkov	1997	Pennsylvania State University, US	MIT, US	Assistant Professor
18	Vladislav Kargin	1996	Boston University	Cornerstone Research, US	Associate
19	Anastasia Kartasheva	1998	MPSE	Robinson College of Business, Georgia State University, US	Professor
20	Yury Khoroshilov	1998	University of Michigan	University of Ottawa, Canada	Assistant Professor
21	Tatyana Kirsanova	1994	Oxford University	University of Exeter, School of Business and Economics, UK	Lecturer
22	Igor Kopylov	1998	University of Rochester	University of California, Irvine, US	Assistant Professor
23	Tatiana Korobeinikova	n/g (1997)	Mathematics, North-Eastern University, US		
24	Leonid Koryukin	1994	University of Delaware	World Bank, Macroeconomics I Department, US	Research Officer
25	Grigory Kosenok	1995	University of Wisconsin-Madison	NES, Moscow	Assistant Professor
26	Yulia Kossykh	1995	Boston University	Frontier Economics, London, UK	Consultant
27	Elena Krasnokutskaya	1996	Yale University	University of Pennsylvania, US	Assistant Professor
28	Dmitry Kvasov	1999	Pennsylvania State University	Department of Economics, University of Auckland, New Zealand	Lecturer
29	Oksana Loginova	1998	Duke University	University of Missouri, Columbia	
30	Elena Lukyanova	1998	University of Cambridge	IMF, African Department, Washington DC, US	Economist
31	Alexander Matros	1997	Stockholm School of Economics	University of Pittsburgh, US	Assistant Professor
32	Artur Minkin	1997	Wisconsin-Madison	Deloitte & Touche, Economic Consulting Group, US	Manager
33	Alexey Onatsky	1996	Harvard University	Columbia University,	Assistant Professor
34	Galina Ovtcharova	1995	University of Chicago, Business School	University of Notre Dame, Department of Finance, US	Visiting Assistant Professor

35	Nina Parfinenko	1998	Pennsylvania State University		
36	Vladimir Pavlov	1995	Australian National University	Quinsland University of Technology, Brisbane, Australia	Lecturer
37	Anna Pavlova	1995	University of Pennsylvania	London Business School	Assistant Professor of Finance
38	Maria Petukhova	1994	Brown University	National Exchange Carrier Association, Whippany, New Jersey, US	Demand Analysis Manager
39	Nikita Piankov	1997	Harvard University	Analysis Group, Boston, US	Associate
40	Alexander Posazhennikov	1995	Tilburg University	University of Nottingham, Nottingham, UK	Lecturer
41	Alexander Repkin	1995	Catholic University of Leuven	Techno-Economics and Policy Program, College of Engineering, Seoul National University, South Korea	
42	Julia Rodionova	1997	Boston University	University of Exeter, UK	
43	Andrei Sarychev	1995	MIT	London School of Economics, UK	Lecturer
44	Victoria Shestalova	1996	Tilburg University	CPB Netherlands Bureau for Economic Policy Analysis, Netherlands	
45	Andrey Shevchenko	1995	University of Pennsylvania	Michigan State University, US	Assistant Professor
46	Vladimir Smirnov	1998	Australian National University	University of Sydney, Economic Department, Australia	Lecturer
47	Kirill Sosunov	1996	ANU	NES, Moscow Institute for Open Economy, Moscow	Assistant Professor Head of Department of Foreign Economic Activity
48	Sergey Stepanov	2000	ECARES, Universite Libre de Bruxelles	New Economic School	Assistant Professor
49	Ilya Streboulaev	1999	LBS	Graduate School of Business, Stanford University, US	Assistant Professor
50	Anton Suvorov	1999	MPSE	NES, Moscow	Assistant Professor
51	Robert Tchaidze	1996	Johns Hopkins University	IMF, European II Department, Washington DC, US	Economist
52	Alexei Tchisty	1999	Stanford Business School	Stern School of Business	
53	Konstantin Tyurin	1994	Yale University	Indiana University,	Assistant Professor
54	Stanislav Volkov	1996		University of Bristol, Department of Mathematics, UK	Lecturer in Statistics
55	Irina Yakadina	1994	Universitat Pompeu Fabra, Spain	IMF, Washington DC, US	
56	Ksenia Yudaeva	1994	MIT	CEFIR, Moscow	Deputy Academic Director;

				Carnegie Foundation, Moscow	Economist
57	Ekaterina Zhuravskaya	n/g (1994)	Harvard University		

## NES Graduates Barometer

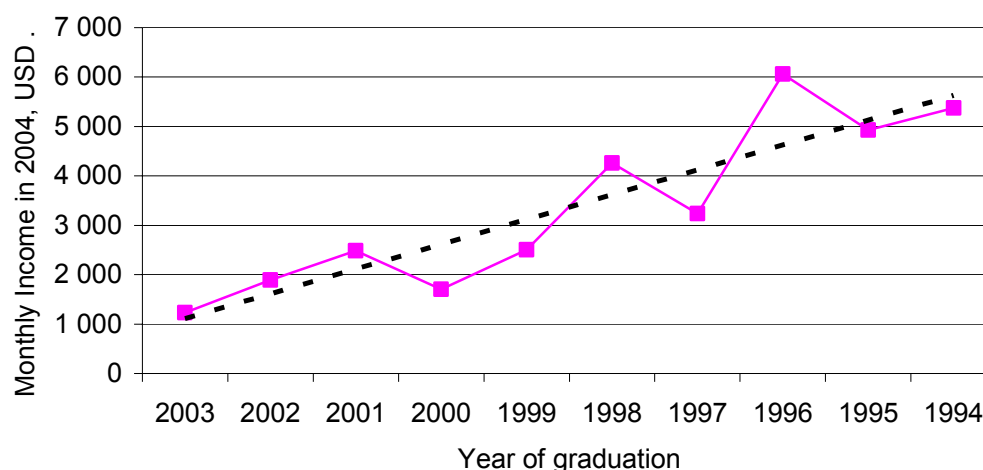
In the Fall of 2004 NES conducted a survey of the graduates regarding their labor market history, current status, attitudes toward NES, and some other alumni activity topics (this was a second survey, the first one took place at the end of 2000). 202 responses were collected from the body of 408 graduates, with response rates ranging from 37% to 62% for different classes. It shows that NES education pays off whatever career the graduates pursue. Not only the starting salaries are high (averaging USD 15K in 2004, and probably even higher in 2005); NES graduates also see their incomes grow fast as the job market rewards the fundamental skills they possess. The average (and median) income after 10 years upon graduation is USD 60 thousand.

Below there are several formal observations from that survey.

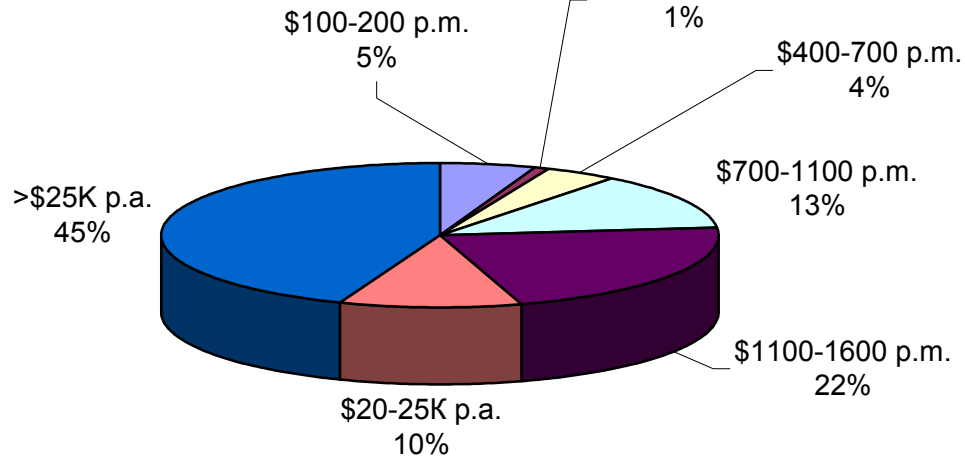
**Table 3: Current Job Status and Location of the NES Graduates**

Job Status	Number of graduates	(within, in Russia)	(within, abroad)	% out of the total
Student	45	1	44	22,3
Private sector	92	75	17	45,5
Public sector	8	4	4	4,0
Academia	47	22	25	23,3
Entrepreneur	4	4	0	2,0
Not working	6	3	3	3,0
<b>Total</b>	<b>202</b>	<b>109</b>	<b>93</b>	

**Figure 3: Average income of NES graduates in 2004**



**Figure 4: Distribution of NES Graduates Income in 2004**



# OUTREACH

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During the AY04—05, the New Economic School continued outreach activities which began in 1998. Although the number of regional seminars has been cut drastically with the idea to evaluate and rethink the previous strategies. The main goal of the outreach activities is to disseminate NES's expertise among the provincial universities in Russia and other countries of the former Soviet Union. In the past 6 years, almost 80 outreach workshops and summer schools were conducted for about 750 academics from 160 regional universities and institutes from Russia and the CIS. The NES Outreach Center maintains a homepage on the NES website which features detailed reports on each of the outreach activities.

## ***Regular Outreach Workshops***

In 2004-2005, NES organized one workshop on Introductory Econometrics in Tbilisi, Georgia (January, 2005), and two on International Trade in Astrakhan (February, 2005) and Vladivostok (July, 2005).

Each workshop is designed specifically for each regional universities in Russia or CIS. A typical workshop lasts one week, and includes 40 academic hours of teaching plus homework. A workshop covers half of the material of a standard semester-long course from either graduate or undergraduate curriculum, depending on the needs of each particular audience. The 20-40 participants of each workshop are academics from regional universities and institutes, selected by the NES outreach committee through an application process. It is intended that upon return they will be able to pass on the knowledge gained from the workshops to the faculty and students in their own institutions.

## ***Regional Seminar for Excellence in Teaching***

In 2004, NES began participating in the Regional Seminar for Excellence in Teaching (ReSET), sponsored by the Higher Education Support Program (Open Society Institute, Budapest). Over the course of the three-year-long project entitled "Money and Economic Growth: Linking Theory and Evidence," a group of 30 instructors from the CIS countries will have the opportunity to advance their teaching skills in the areas of macroeconomics and time-series econometrics, and learn to link the seemingly abstract economic theory with empirical evidence.

In August 2004, NES held the first summer session in the framework of the project. Thirty participants were selected from Russia, Ukraine, Moldova, Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan. This first session laid the foundations for linking macroeconomic questions with econometric research, so as to provide an empirical basis for many of the issues frequently taught within a macroeconomic curriculum. Participants also enjoyed the possibility of using the NES library and photocopying papers and chapters for their own research and teaching. The core resource faculty for this project are Professors Kirill Sosunov and Oleg Zamulin of NES, Professor Alexei Onatski of Columbia University, and NES instructor Sergei Golovan.

During the 2004-2005 academic year, the ReSET participants engaged in own individual projects, which they had to report at a winter session held in Moscow in February 2005, and then at the second summer session in August 2005. These projects were predominantly own research, although some participants chose to survey existing literature, replicate well-known results, or develop courses in macroeconomics and econometrics to be taught in their home universities.

The ReSET project is an example of a more targeted and long-term work with regional instructors. In the coming years NES is considering making a stronger commitment to such method of interaction.

## ***Executive Education***

Besides administering regular workshops, which constitute the major part of the outreach activities, the center also encourages NES faculty to participate in re-training events organized by other institutions, and sometimes co-sponsors them.

In AY 04—05, NES delivered few outreach courses in the frame of the executive education program. NES faculty members, A.Peresetsky, P.Katyshev, G.Kosenok, as well as teaching assistants S.Golovan and

A.Akhmedov, were invited to train over 30 experts from the Ministries of Uzbekistan in Introductory Econometrics, Time Series Econometrics and Industrial Organization. Each course lasted for one week (40 academic hours), and both teaching and travel costs were fully recovered by USAID partners in Uzbekistan.

Another part of the executive education at NES was a course on Econometrics for Risk Management specially designed for professionals in banking and finance. It lasted 6 days and was delivered by A. Peresetsky, NES faculty member, A. Karminsky, professor of Bauman Moscow State University of Technologies and expert of Gazprombank, and S.Golovan, NES teaching assistant. This experience was quite successful and two more such seminars on financial topics are planned at Fall of 2005.



# FACILITIES

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## *Library*

The NES library has a large collection of economics journals and books in English and Russian languages.. Also the fast and easy access to electronic research databases is available at NES library. All resources are continuously updated. This makes the library an extremely important resource for any economist at NES and outside of NES. Originally the library was sponsored by the Open Society and Eurasia Foundations. Nowadays it continues to receive donations from many organizations and individuals who are interested in generous support of the library and the school.

NES graduate students represent the majority of library users. The library is also open to NES faculty, alumni, and researchers from CEFIR at NES and EERC. Among those who use the resrouces at the library are also economists from other Russian educational and research institutes, professional economists in the Russian public and private sectors and visiting scholars from abroad.

The NES library receives financial support from various grants. In the academic year 2004-2005 a grant from the HESP Foundation has covered a purchase of about 150 new titles in many economic fields such as Macroeconomics, Microeconomics, Econometrics, Labor Economics, Financial Accounting and International Finance.

The reading room computers provide access to the NES library resource catalogue with detailed information about the books, journals and articles. They also allow access to various Internet resources such as Jstor, ScienceDirect, Econlit and other databases. In the academic year 2004-2005 3M-book alarm system has been introduced in order to improve the management of library resources.

In the academic year 2004-2005 the library began using a new version of electronic catalogue MARC SQL. Every book and journal issue now has a bar-code sticker that is scanned and saved into the database. In 2005-2006 the NES library will provide users with a new level of service and circulation of the materials. The library catalogue can be accessed from any computer within the NES local network. Users can search for a book or journal not only in the library reading room, but also in computer classes. The faculty and staff members can look up any library material directly from their offices.

Currently, the electronic library catalogue contains over 8,500 records, which include more than 60 different textbook titles and more than 10,000 journal issues of more than 50 well known journal titles.

## *Computer Resources*

Computing activity at NES centers on networked PCs that are located in computer laboratories, library and offices of NES. There are over 100 computers in the network, all of them being Pentium-IV class machines. The entire computer environment is built around the local area network and provides easy, fast and reliable communication and sharing of data and software. LAN's users have access to high-quality networked laser printers.

All desktop computers run Windows XP operating system, which allows users to access a number of available software packages in addition to the standard set of Microsoft Office components. Various econometrics software packages are available on the LAN along with a variety of datasets.

The Internet facilities include a comprehensive set of services including e-mail and Worldwide Web servers. NES is constantly updating its bilingual homepage that contains extensive information and current news about the school, various teaching materials, on-line information for the outreach workshop participants and NES prospective applicants. The information about research of NES graduates, NES working papers, including those in Best Student Papers series, are also available on our web site.

During the AY 04—05 NES implemented several projects, upgraded some of its IT technologies and deployed a number of new ones:

- The complete IT infrastructure was upgraded from Microsoft Windows Server 2000 environment to Microsoft Windows Server 2003 environment.
- Microsoft Virtual Server 2005 technology was implemented which greatly simplified maintenance and increased manageability of many critical services. Hardware of the two NES main servers was upgraded to run the new virtual environment.
- NES became a subscriber to Microsoft Academic and Subscription Agreement. The Agreement allows decreasing the total cost of software ownership and simplified license management across the school. NES got access an advanced level of technical support and obtained a privilege to upgrade major desktop software during 3 years subscription period.
- New services were added to NES intranet, including online access to course evaluation forms for students.
- The IT department implemented a new intranet platform allowing efficient communication with users of IT services.
- NES enhanced its Internet access security regulations and polices: Microsoft Internet Security and Acceleration Server 2000 was upgraded to Microsoft Internet Security and Acceleration Server 2004.
- NES antivirus technology experienced an improvement: antivirus protection at the desktop computers, file and print servers, mail servers, mail clients, firewall servers was upgraded from Kaspersky Antivirus Suite 4.5 to Kaspersky Antivirus Suite 5.0.
- NES messaging system migration: school-wide Microsoft Exchange 2000 replaced by Microsoft Exchange 2003.
- The NES library reading room, together with library offices, is now equipped with 15 brand new PCs (cabling network infrastructure, active network equipment, NES LAN/Intranet integration, and unique library software bundle deployment, including access to dedicated Intranet/Internet resources).
- NES PC Lab: 10 PCs were renovated.
- NES offices: 5 PCs were renovated, a new HP LaserJet 4250 printer installed.

We are constantly working on enhancing the quality of IT services. One of the main ongoing projects now is the improvement of mechanisms of storing and sharing data about the community of NES students, faculty and graduates, as well as academic courses and seminars.

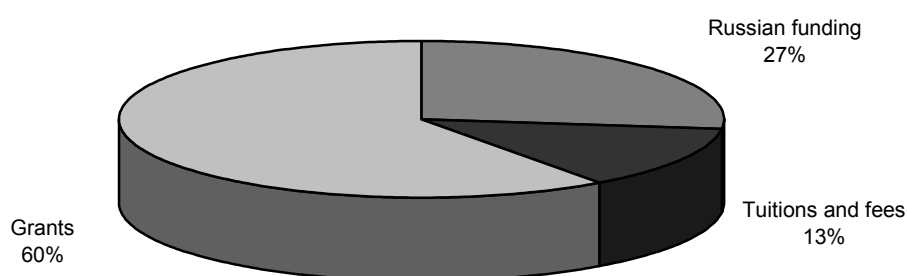
# FINANCES

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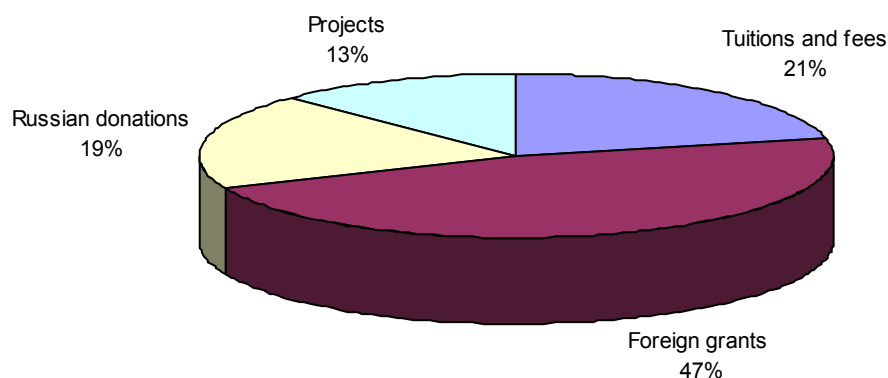
The primary source of funding for NES continues to be grants from Western foundation. The major funders continued to be the Soros Foundations (mainly through the Higher Education Support Program), the World Bank, the John D. and Catherine T. MacArthur Foundation and the Ford Foundation. These foundations have supported NES through multiple grants and for an extended period of time. Yet, Eurasia Foundation stopped supporting NES already in 2003, and the AY2004-05 was the last year of the World Bank's support.

We have in recent years increased our efforts to broaden the funding base by raising local support and securing long-term funding. In addition, NES has increased the share of revenue which comes from tuition fees combined with the student loans. The major change is the transfer of the NES student loan program from the American Friends of NES to the Russian Standard Bank.

**Figure 5: Distribution of NES Revenues in AY 2004-2005 by Source**



**Figure 6: Sources of Revenues in AY 2005-2006, plan**



## ***Major Funders***

Academic year 2004-2005

- Soros Foundation grants supported operating costs of the School, including governance, visiting faculty, and the loan program. In addition, Soros grants supported NES outreach program in the frame of summer and winter schools for the partner universities and their faculty.
- The Ford Foundation supported the research program, tenured track faculty, and administrative expenses at NES.

- The John D. and Catherine T. MacArthur Foundation supported operating costs of the School, tenure-track faculty, and the activities of the NES Outreach Center.
- The World Bank supported capacity building at NES.

## ***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 has a representative office in Moscow that is primarily charged with administering the student loan program.

### **AFNES Board of Directors**

Barry W. Ickes, Pennsylvania State University, *President and Treasurer*  
 Roman Frydman, New York University, *Secretary*  
 Herbert Levine, University of Pennsylvania  
 Gur Ofer, Hebrew University of Jerusalem  
 Craufurd D. Goodwin, Duke University

## ***Financial Support from Russian Business, Organizations, and Individuals***

In AY 2004-2005, Human Capital Foundation and Access Industries Inc. have been continued to fund the professor positions established in 2003-2004. Drs. Sergei Guriev and Stanislav Anatolyev hold the chair of Human Capital Foundation Assistant Professor of Corporate Finance and Access Industries Assistant Professor of Economics, respectively. Mr. Peter Aven and the Nadezhda Brezhneva Foundation also have been continued their support of NES students with charitable donations which cover the full cost of studies at NES in the AY 2004-2005. Pavel Stetsenko and Ilya Vorobyev were awarded the Petr Aven student scholarship and Valentina Bohomolova was awarded the Nadezhda Brezhneva Foundation's scholarship. In addition the Alfa Bank and Mr. Charles Ryan provided NES with research and institutional support.

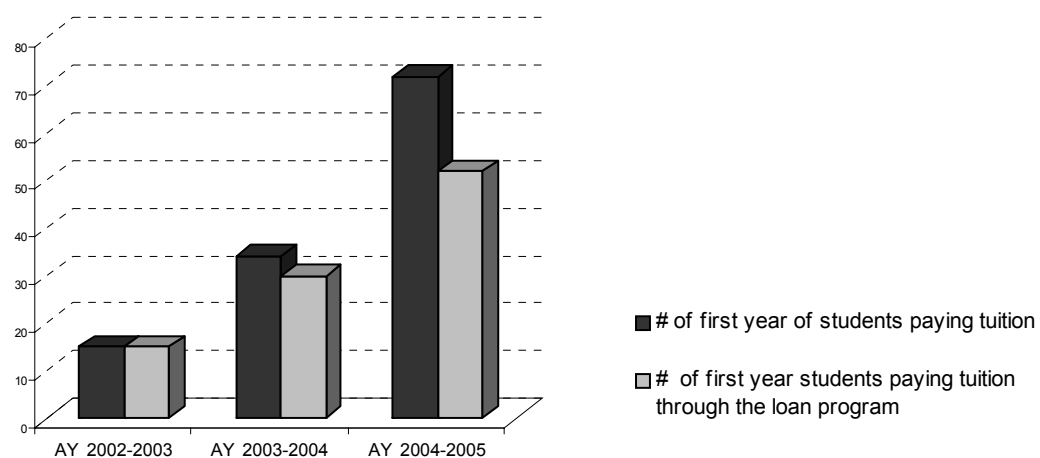
Although the general amount of financial support from Russian sources decreased slightly in comparison to the 2003-2004, the majority of donors stay with us with a commitment for long-term sustainable cooperation. In August 2005, NES hired a new Development Director, Alexei Sitnikov, whose main task is to enlarge the scope of fundraising activity in Russia.

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

In AY 2004-2005 tuition fees at NES were set at \$4000 a year and were applied to all students aside from those who score in the top-third on their entrance exams. Increasing the share of tuition in NES revenues is a long-term goal of NES' strategic plan. However, as we want to keep the tuition wavers for about third of each class, we need to raise tuition fees and charge fees for student hostel. For the 2005-2006 academic year the tuition went up to \$4425 and we charged \$500 a year student dormitory fee (the dormitory is still subsidized, as the full cost is about \$1000).

All students that are required to pay tuition were able to obtain a student loan from the representative office of AFNES, with repayment starting 4 months after graduation. The loan carries a subsidized interest rate of 4%. The loan program enabled NES to enroll 52 new students in the AY 2004-2005 who would not have been able to afford tuition otherwise (in addition to another 20 students who paid full tuition). The increase in the share of tuition-paying students indicates that NES is on the path to achieving the target of having 70% of students pay tuition. During AY 2004-2005 NES was conducting intense negotiations with a variety of Russian banks, who signaled their interest in taking over the loan program from NES. The most favorable terms were offered by the Russian Standard Bank, a leading Russian retail lending bank. Since August 2005 NES students will have an opportunity to get a loan under 10% for 10 years of repayment starting two months after graduation from NES. The second year students will get a respective write-off of the loan to compensate for the increase in the interest rate from 4% to 10% per year.

**Figure 6: Tuitions and Loans in 2002-2005**



NES also collects nominal application fees from applicants, as well as fees from preparatory courses in English and mathematics in Moscow and Novosibirsk.

# GOVERNANCE

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New Economic School was established and governed as a partnership of a group of Russian and Western economists. The primary governing bodies were the International Advisory Board, the Russian Advisory Board, the Rectorate, and the Academic Committee. Major changes in NES governance occurred in the Fall of 2004. These changes included the establishment of the position of the School's President and creation of the Board of Directors. **Valery Makarov**, the former Rector of NES, was appointed a new President of NES and **Sergei Guriev**, who started his career at NES as an Assistant Professor and then earned tenure, was appointed the new Rector of NES. At the same time, **Gur Ofer**, one of the founding fathers and Coordinator of the International Advisory Board of NES for 1992-2004, has retired and his position has been taken by **Erik Berglof**, the President of CEFIR and Director of Stockholm Institute of Transition Economics at Stockholm School of Economics. The present governance structure looks the following way.

## ***Board of Directors (BoD)***

According to the new governance structure, the BoD is directly involved in the decision-making process of the School. It meets bimonthly, approves the School's Strategic Plan and Budget, forms the Audit Committee and the Executive Compensation Committee, and evaluates performance of the School's management. The Board consists of six members who were initially appointed by the School's Founders:

**Maxim Boycko**, *Chair, Partner, Video International Group; Chair of the RAB*

**Erik Berglof**, *Director of SITE at Stockholm School of Economics; Coordinator of the IAB*

**Arkady Dvorkovich**, *Head, Expert Department of the President of Russia; NES'94, President of the NES Alumni Association*

**Sergei Guriev**, *Rector of NES*

**Barry W. Ickes**, *Professor of Economics, Pennsylvania State University; President of AFNES*

**Valery Makarov**, *Director of CEMI, Russian Academy of Science; President of NES*

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

Since 1992 the International Advisory Board makes all major academic decisions and oversees the academic activities at NES. It is also responsible, through an Academic Appointment Committee, for all academic appointments and promotions. Its current membership is as follows:

**Erik Berglof**, *Coordinator, SITE at Stockholm School of Economics*

**Beth Allen**, *University of Minnesota*

**Olivier Blanchard**, *Massachusetts Institute of Technology*

**Saul Estrin**, *London Business School*

**Stanley Fischer**, *Citigroup*

**Bronwyn Hall**, *University of California, Berkeley*

**Barry W. Ickes**, *Pennsylvania State University*

**Jan Magnus**, *Tilburg University*

**Valery Makarov**, *Director of CEMI and President of NES*

**Gur Ofer**, *Hebrew University*

**Victor Polterovich**, *CEMI and NES*

**Gerard Roland**, *University of California at Berkeley*

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

In 2001 NES established a Russian Advisory Board consisting of the leaders of Russian economic transition. Russian Advisory Board discusses all NES matters but concentrates especially on the

strengthening the links between NES and the Russian private sector and economic policy community. It helps NES to raise funds in Russia. The current membership of the RAB is as follows:

**Maxim Boycko**, *Chair, Partner, Video International Group*  
**Peter Aven**, *President, Alfa Bank*  
**Sergei Aleksashenko**, *President, Antanta Capital Management*  
**Mikhail Dmitriev**, *Scientific Supervisor of the Center for Strategic Research*  
**Arkady Dvorkovich**, *Head, Expert Department of the President of Russia*  
**Yegor Gaidar**, *Director, Institute for the Economy in Transition*  
**Murad Sargsyan**, *Director, Restoration-Construction Building Concern "LUSINE"*  
**Yakov Urinson**, *Deputy CEO, Russian JSC "Unified Energy System of Russia"*  
**Ruben Vardanyan**, *President, Troika Dialog*  
**Sergei Vasiliev**, *Chair, Committee on Financial Markets and Currency Circulation, Federation Council*  
**Andrei Vavilov**, *Director, Institute for Financial Analysis, Member of the Federation Council*  
**Sergei Vorobiev**, *Managing Partner, Ward Howell International*  
**Oleg Vyugin**, *Head of the Federal Service for Financial Market*  
**Alexander Zakharov**, *Deputy Chairman of the Board, Savings Bank of the Russian Federation*

## ***Rectorate***

The second rector of NES is Sergei Guriev, who works in cooperation with the Board of Directors and convenes quarterly meetings of the Rectorate which manages the day to day operations of the School. In 2004-2005 the Rectorate included the following members:

Associate Professor Sergei Guriev, *Rector*  
 Academician Victor Polterovich, *First Vice-Rector, Chair of the Academic Committee*  
 Zarema Kassabieva, *Vice-Rector for Academic and Students Affairs*  
 Assistant Professor Stanislav Anatolyev, *Director of the Research Center*  
 Oxana Budjko, *Chief Financial Officer*  
 Oleg Adamovsky, *Chief Administrative Officer*  
 Alexander Fridman, *Adviser to the NES President*  
 Assistant Professor Grigory Kosenok, *Head of the Library Committee*  
 Valentina Krupina, *Academic Secretary*  
 Yulia Kushnarenko, *Chief Accountant*  
 Sergei Makarov, *Head of Computer Department*  
 Olesya Marenkina, *Head of English Teaching Unit*  
 Assistant Professor Oleg Zamulin, *Director of the Outreach Center*

## ***Academic Committee***

The Academic Committee is formed from IAB members, professors and lecturers, and NES principal officers. The composition for 2004-2005 was as follows:

Academician Victor Polterovich, <b><i>Chair</i></b> , <i>First Vice-Rector</i>	Professor Alexander Friedman, <i>Adviser to the NES President</i>
Pavel Katyshev, <b><i>Secretary</i></b> , <i>Lecturer</i>	Assistant Professor Alexei Gorjaev
Assistant Professor Stanislav Anatolyev, <i>Director of the Research Center</i>	Associate Professor Sergei Guriev, <i>Rector</i>
Professor Erik Berglof, <i>IAB Coordinator</i>	Assistant Professor Irina Denisova
Assistant Professor Andrei Bremzen	Assistant Professor Alexei Deviatov
	Oleg Eismont, <i>Lecturer</i>

Academician Revold Entov, *Lecturer*  
Professor Barry Ickes, *President of AFNES*  
Zarema Kassabieva, *Vice-Rector for Academic and Students Affairs*  
Assistant Professor Grigory Kosenok, *Head of the Library Committee*  
Valentina Krupina, *School Academic Secretary*  
Profwssor Mark Levin, *Lecturer*  
Academician Valery Makarov, *President*  
Olesya Marenkina, *Head of English Teaching Unit*  
Anatoly Peresetsky, *Lecturer*

Professor Vladimir Popov  
Assistant Professor Konstantin Sonin  
Assistant Professor Anton Suvorov  
Assistant Professor Ksenia Yudaeva, *Policy Director of CEFIR at NES*  
Assistant Professor Oleg Zamulin, *Director of the Outreach Center*  
Assistant Professor Ekaterina Zhuravskaya, *Academic Director of CEFIR at NES*

## ***Admissions Committee***

This committee has responsibility for all procedures related to the admission process, including quality control. The Committee oversees all recruitment matters, admissions examinations, and policy on admissions requirements. In early 2005 there was hired a special person to coordinate admission and placement of graduates that allow to cut the number of Committee members to the following team:

Associate Professor Sergei Guriev, ***Chair, Rector***  
Assistant Professor Oleg Zamulin, ***Vice-Chair, Chair of the Economics Exam Subcommittee, Director of the Outreach Center***  
Svetlana Volkova, *Admission and Placement Coordinator*  
Olga Kulagina, ***Secretary, Preparatory Courses Coordinator***  
Assistant Professor Andrei Bremzen  
Zarema Kassabieva, *Vice-Rector for Academic and Students Affairs*  
Professor Pavel Katyshev, ***Chair of the Mathematics Exam Subcommittee***  
Olesia Marenkina, ***Chair of the English Exam Subcommittee***  
Professor Victor Polterovich



# APPENDICES

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## *Appendix 1: Course Offerings for 2004-2005*

### **Pre-Academic Year**

#### ***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: September 6 — October 31, 2004**

#### ***First Year Courses:***

##### **Microeconomics I**

**R. Gronau, O. Moav**

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.

##### **Macroeconomics I**

**O. Zamulin**

This is the first and introductory part of the required macroeconomic sequence at NES. The goal of this module, in combination with the second module, is to introduce the students to all major issues of macroeconomics and semi-formal modeling of macroeconomic processes. The first two modules are called to develop intuition and substantive understanding of macroeconomics, which will later be formalized in the subsequent modules. The first module will focus on macroeconomics of the long run, starting with economic growth and accumulation of capital, as well as the neo-classical description of macroeconomic equilibrium for a given amount of capital. Short-run fluctuations will be discussed in the second module.

##### **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.

##### **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.

**Second Year Courses****Econometrics IV****S. Anatolyev**

This course is a continuation of Econometrics III. This time we will concentrate on estimation and inference in nonlinear models. Beside the Nonlinear Least Squares estimation that we have already studied, the methods will include Maximum Likelihood and Generalized Method of Moments, the two leading contemporary econometric techniques. Also, we will devote a few lectures to learn how to handle panel data. The assigned exercises will include regular problems as well as computer tasks based on GAUSS.

**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).

**Labor Economics I****R. Gronau**

This course covers the main topics in labor economics. Topics to be discussed include the basic model of labor supply, non-linear price lines, the allocation of non-market time, labor supply over the life-cycle and the business cycle, the quality of labor, investment in schooling, on-the-job training, the gender wage difference, and specific human capital and labor turnover.

**Macroeconomics VI****O. Zamulin**

This is the final part of the required macroeconomic sequence at NES. The goal of the sixth module is to utilize the methodology and knowledge obtained in the previous five modules and consider questions relevant for policy makers. Specifically, the course will cover fiscal and monetary policy in closed and open economies from theoretical, empirical, and historical perspectives. The issues of policy are highly controversial, and most of the material will be based on recent research, which is far from being the last word in the field. Hence, a great deal of creativity and open mindedness on the part of the course participants is expected.

**Growth and Development****O. Moav**

In the first part the course would focus on the neo-classical growth model, over-lapping generations growth model, and models of endogenous investment in research and development. The second part of the course would concentrate on the study of interrelations between income inequality and economic growth, focusing on saving rates, investment in human capital, intergenerational mobility, fertility, and the effect of technology on the return to education and ability. The final part of the course would offer explanations for the long run transition from Malthusian stagnation to modern growth.

**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 stabilization and industrial policy, privatization strategy and experience, emerging banking and financial systems.

**Recursive Macroeconomics I****A. Deviatov**

This is an advanced elective two-module sequence in macroeconomics. The course objective is twofold. First, students will be familiarized with the basics of dynamic programming including some of numerical techniques for solution of dynamic programming problems. Second, the tools will be applied to a wide range of recursive macroeconomic models. We shall address such issues

as unemployment, long-term growth, asset pricing, and other selected topics to cover the most important developments in the field.

### **Investment Theory**

**A. Gorjaev**

This course covers foundations of modern financial economics. We start with the problems of choice under uncertainty and portfolio management. Then, we study the discrete-time models of asset pricing under the assumptions of competitive markets and symmetric information. Finally, we consider the applications of these theories to the pricing of options and performance evaluation. Although the course is primarily theoretical, we also discuss the empirical relevance and practical applicability of the main results.

### **Topics in Game Theory**

**G. Kosenok**

The course is dealing with some topics in repeated games. The special attention is devoted to the issue of cooperation among the players and to the reputation formation. The course includes 14 lectures. The final grade will be based on the written final exam. Readings will mostly be taken from the list below. The copies of papers will be available in the library. Some papers are likely to be added or dropped as we go. The course will be taught in English.

### **Meetings of Research Groups**

The purpose of these meetings 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 organization of papers and so on.

## **Module II: November 1 — December 26, 2004**

### ***First Year Courses***

#### **Microeconomics II**

**G. Kosenok**

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.

#### **Macroeconomics II**

**A. Sarychev**

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. Bulavsky, et al.**

*(See description given in Period I)*

#### **Mathematical Statistics**

**S. Aivazian, et al.**

*(See description of Probability Theory from Module I)*

#### **English**

**O. Marenkina, et al.**

### ***Second Year Courses***

#### **Applied Time Series Econometrics**

**S. Anatolyev**

The course is devoted to the modern applied time series analysis. The emphasis will be put both on concrete classes of time series models and principles of modeling. We will review various model selection procedures. After that we will study popular models of the conditional mean dynamics such as linear ARs and VARs as well as nonlinear structures like bilinear and threshold models, chaos and the like. We will also review such issues as stationarity vs. integratedness, unit roots and cointegration. Then we will turn to modeling of the conditional variance as represented by the class of ARCH models. Finally, as time permits, we will study some special methods like structural breaks, bootstrapping, forecasting, outliers, etc., and more rare models like those with Markov switching, or those for irregularly spaced data.

#### **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.

### **Theory of Economic Reform**

**V. Polterovich**

The course is an introduction into new and quickly developing discipline that studied reforms of economic institutions. The following main topics are covered:

1. Main problems and evolution of the Theory of Reform. 2. The Political Economy of Delayed Reform. 3. Transformational Recession and Disorganization. 4. Rent Seeking, and Institutional Traps. 5. Strategies of Reforms (shock therapy and gradualism, reform sequencing). 6. Price Liberalization and Stabilization. 6. Privatization and Restructuring. 7. Reforming Labor Markets. 8. Reforms of the Bank System. The course uses a mixture of macro and microeconomic models.

### **Recursive Macroeconomics II**

**A. Deviatov**

*(See description given in Period I)*

### **Russian Financial System**

**E. Gurvich**

The objective of the course is to make students familiar with the application of general principles of fiscal and monetary policy in modern Russia, to discuss problems that arise in the course of their implementation and plans to address these problems. The course overviews the composition of Russian budgetary system, the roles of principal actors of budgetary process, quality criteria for fiscal policy, debt policy, and instruments, used by the Central Bank in different periods and other similar problems.

### **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.

### **Industrial Organization I**

**O. Eismont**

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 analyze 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.

### **International Finance**

**G. Ovcharova**

This course has a practical orientation. It outlines basic principles essential for participation in international financial markets and for financing international operations.

### **Advanced Asset Pricing**

**G. Ovcharova**

This course will help you read modern literature in Finance and understand certain misperceptions that are common in the literature.

### **English**

**R. Burdonskaya, V. Salistra**

### **Meetings of Research Groups**

*(See description from Module I)*

## **Module III: January 10 — March 6, 2005**

### **First Year Courses**

#### **Microeconomics III**

**L. Polishchuk**

This course is aimed on the introduction to the theory of externalities, public goods, asymmetric information and market failures. Students are familiar to the problems of inefficiency of market outcome in the situation of the imperfect competition. The list of market failures is enlarged now with externalities (including public goods) and asymmetric information. The main focus of our

analysis is resulting equilibria, loss of economic efficiency and possibilities of welfare improvements in these models.

### **Macroeconomics III**

**V. Polterovich, N. Volchkova**

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

### **Econometrics I**

**A. Peresetsky**

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.

### **Games I**

**A. Bremzen, A. Vasin**

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.

### **English**

**O. Marenkina, et al.**

## ***Second Year Courses***

### **Public Economics I**

**V. Makarov**

Aim of the course is to familiarize students with basic notions, models and results of Public Economics. The course helps audience to give thought to the role of the state in economy, to the economic sectors, which needed in a state intervention and on the contrary, to which this intervention can do more harm than good.

### **Industrial Organization II**

**A. Bremzen**

Topics to be included in this course include oligopoly empirics, productivity and costs, differentiated product markets, price discrimination, auctions, entry and exit, contracts.

### **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.

### **Corporate Finance**

**A. Gorjaev**

The objective of this course is to discuss the most important financial decisions of a firm, covering the recent developments in the field of corporate finance. The course starts with capital budgeting techniques concentrating on the discounted cash flow method and its refinements (most notably, real options). The second part of the course is devoted to the management of corporate capital structure, in particular, the choice between bank and capital market financing and dividend policy. Finally, we consider issues related to capital restructuring and corporate governance. The course on Investment Theory and basic course on microeconomic theory are prerequisites for Corporate Finance.

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

**L. Fridman**

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.

**Continuous time Finance****C. Caner**

This course introduces stochastic methods applied in the modern theory of finance. Broadly, the topics covered include some results from probability theory, utility theory, and stochastic calculus. Then, theory of the portfolio selection problem, intertemporal capital asset pricing, option pricing, risk analysis, and term structure of interest rates are studied using stochastic methods. The emphasis will be on continuous-time models of valuation in complete markets.

**Regulation****O. Eismont**

Covered topics are: natural monopolies and their regulation, incentive regulation, capture theory and economic theory, practical implementation of economic regulation and deregulation.

**Topics in Empirical Auctions****G. Kosenok**

The course is dealing with an empirical analysis of auctions. It includes 14 lectures and 6 seminars. The final grade will be based on 3 problem sets (30%) and the final written exam (70%). Problem sets will include both theoretical and practical questions and they will be distributed biweekly starting from the second week. The knowledge of Auction Theory and Applied Econometrics is preferred but is not required.

**Monetary Theory****A. Deviatov**

The aim of the course is to introduce students to the different approaches to incorporating money into dynamic general equilibrium framework. The course will also cover some topics in monetary policy.

**Behavioral Economics****A. Suvorov**

"Behavioral Economics" (or "Psychology and Economics") is a new field, not an easy one to define. What unifies the different research programs associated with it is an attempt to bring psychological realism to economic analysis. Some papers document departures of the actual human behavior from the one predicted by mainstream economic models. Others incorporate more realistic, psychologically grounded assumptions into economic models to investigate their implications. Yet others are interested in explaining seemingly irrational behavior using tools of economics and game theory with some minor departures from conventional assumptions. The course will be somewhat eclectic. We shall both discuss theoretical models and look at many empirical (mostly experimental) results. There is no textbook. Copies of some papers and book chapters will be distributed in class.

**English****R. Burdonskaya, V. Salistra****Meetings of Research Groups**

*(See description given in Module I)*

**Module IV: March 7 — May 1, 2005****First Year Courses****Microeconomics IV****A. Suvorov, A. Tonis**

This course continues to analyze asymmetric information and public good provision. The latter includes the theory of public choice. The course considers methods of revelation by initiative of uninformed side, and the analysis covers both hidden characteristics and hidden actions. Basic concepts and methods of mechanism design are introduced in problems with asymmetric information, and the developed theory is applied to models of public good provision. Basic concepts and results of the theory of aggregation of personal preferences are presented in problems of social choice.

**Macroeconomics IV****A. Deviatov**

The goal of the third module was to introduce the basic methodological tools for analyzing dynamic models commonly used in macroeconomics. In the fourth module, we will use this methodology to analyze components of the aggregate demand (such as consumption and investment) and the behavior of financial markets in greater detail. To an extent, most of the theories studied here should be familiar already from the traditional Ramsey-Cass model. Hence, we will concentrate on their modern extensions and empirical relevance. Particular emphasis will be made on studying decisions made under uncertainty.

**Econometrics II****P. Katyshev**

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.

**Games II****A. Bremzen**

*(See description given in Period III)*

**English****O. Marenkina, et al.****Second Year Courses****Natural Resources****O. Eismont**

The main goal of the course is to give students the notion of the economic theory which analyzes processes of natural resources extraction, pricing, and consumption, of the role that exhaustible natural resources play in economic development of modern societies. It is assumed that the students are familiar with the graduate course in macroeconomics.

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

This course covers the main topics in labor 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.

**Trade Policy****K. Yudaeva, N. Volchkova**

This course is designed to provide students with the ability to conduct and evaluate economic analyses of policy issues relating to international trade. The course begins with a discussion of the reasons why countries trade. It proceeds to a discussion of the arguments for and against protection and managed trade. We study the effects of different trade policy instruments. Then we discuss the issues that arise in the design of policy for declining, import-competing industries (e.g., income distribution, unemployment), and for dynamic, export industries (e.g., strategic policies, dynamic externalities, capital market imperfections). The special attention is paid to issues of trade policy and economic growth perspectives and political economy of trade protection. In each case the theory is illustrated by industry case studies. The last part of the course deals with the issues of trade agreements. We analyze the rationale for a world trade organization, custom unions and actual experience, and whether preferential trade agreements undermine or promote the multilateral trading system?

**Empirics of Financial Markets****A. Gorjaev**

In this course, we consider applications of econometric techniques to the analysis of financial markets, with a special emphasis to the interaction of economic theories, econometric techniques, and empirical results. First, we discuss empirical tests of market efficiency, analyzing the predictability of asset returns and the speed of stock price adjustment in response to such economic events as share repurchase or dividend announcement. Then, we study the possible applications and validity of the CAPM and multi-factor asset pricing models, with particular attention to the return anomalies (e.g., size and book-to-market effects) and the equity premium puzzle. Finally, we discuss how to evaluate portfolio performance, using the example of mutual funds. In particular, we analyze performance persistence, dynamic strategies, and impact of the survivorship bias. Investment Theory is a prerequisite for this course.

**Public Economics II****L. Polishchuk**

The course covers social choice theory — instructing 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.

**Law and Economics****L. Polishchuk**

The course provides an introduction into the modern economic analysis of law. It presents key tools and methodologies of the discipline, and covers main areas of law and economics, including torts, property, and contracts, and economics of legal process. The program of the course includes analysis of economic origin of law and of legal reform in transition societies. The course

contributes to better understanding of economics proper by highlighting economic ideas and concepts central for understanding of legal institutions and processes.

### **Contract Theory**

**S. Guriev**

This course is designed to expose the students to the basic concepts and most important issues in the modern contract theory. Contract theory comprises a number of different approaches and topics, enough for a yearlong course, and since it is only taught for one module at NES this year, some important topics will inevitably be omitted and interested students are advised to study available literature on their own, in particular, papers mentioned below (not all of which will be discussed in class). Subjects such as adverse selection, moral hazard (including moral hazard in teams), multi-tasking, career concerns, incomplete contracts, property rights theory, and, time permitting, economics of organizations and mechanism design will be covered.

### **Open Macroeconomics**

**K. Sosunov**

The course covers theoretical topics of real and nominal exchange rate and current account fundamentals behavior under perfect capital mobility various price-setting rules (flexible prices and nominal rigidities). The second part gives a quick review of policy issues, which attract a substantial attention from both economists and policymakers in the recent years. These include theory and evidence of exchange rate based stabilizations, currency crises, sovereign debt management, and reform of the international financial system. The course ends with the discussion of exchange rate determination and macroeconomic policy in transition economies.

### **Antitrust**

**R. Pittman**

Course requirements: short paper (approx. 5 pages, 1/3 of final grade), final exam (2/3 of final grade). Paper on a topic agreed upon between student and professor relating to antitrust and regulation -- for example, What economic questions were important in a particular antitrust case? Why was the Russian (or American or EU) authority right (or wrong) to allow (or challenge) a particular merger or possible abuse? How might the water (or gas or electricity or telecoms) sector in Russia (or Kyrgyzstan or Latvia) best be reorganized?

### **Topics in Empirical IO**

**G. Kosenok**

The course is dealing with an empirical analysis of IO. It includes 14 lectures and 6 seminars. The final grade will be based on 2 problem sets (20%) and the final written exam (80%). Problem sets will include both theoretical and practical questions and they will be distributed biweekly starting from the second week. The knowledge of IO and Applied Econometrics is preferred but is not required.

### **English**

**R. Burdonskaya, V. Salistra**

### **Meetings of Research Groups**

(See description given in Module I)

## **Module V: May 10 — July 3, 2005**

### **First Year Courses**

#### **Microeconomics V**

**S. Guriev, A. Bremzen**

The course is a part of the advanced graduate sequence in Microeconomic Theory. This module concentrates on models with asymmetric information and unobservable actions, including adverse selection, screening, signaling, moral hazard, and mechanism design.

#### **Macroeconomics V**

**K. Sosunov**

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

#### **Econometrics III**

**S. Anatolyev**

The course serves as an introduction to principles of contemporary art of econometric estimation and inference, when applied in both cross-sectional and time-series setting. Motivated by dissatisfaction with exact inference, we consider competing alternatives: asymptotic approximation and bootstrap. Then, after having reviewed certain important econometric notions, we will focus on estimation and inference in a linear mean regression. Then we will study a nonlinear regression model and associated methods. Finally, we will learn about a nonparametric regression analysis that combines a strong applied context with a delicate asymptotic theory. Emphasis will be put on



conceptual content rather than mathematical sophistication, although the latter is sometimes unavoidable.

### **Russian Economy**

**V. Popov**

Elective course deals with comparison of economic systems and central planned economy.

**English**

**O. Marenkina, et al.**

### **Second Year Courses**

#### **Topics in Econometrics**

**S. Anatolyev**

The course features several interesting and important issues of the modern econometric theory. First, we will study nonparametric estimation, which combines a strong applied context with a delicate asymptotic theory. Second, we will see the beauty and elegance of GMM ideas when manipulating moment conditions and constructing optimal instruments. Third, we will focus on the models where a functional form or distributional assumptions happen to be incorrect, and a related issue of model selection problem. Fourth, we will study some alternative approaches to GMM estimation that are motivated by dissatisfaction with small sample properties of GMM. Finally, we will get acquainted with a more delicate asymptotic theory than we got accustomed to see and use, and look at some applications of this unconventional asymptotic theory.

#### **Risk Management**

**A. Goriaev**

This course covers the modern techniques of financial risk management, with a stress on real life examples and case studies. First, we review the financial derivatives and standard hedging techniques. Then, we consider market risk, concentrating on VaR (value-at-risk) measurement and interpretation. In addition, we look at stress testing as well as several other market risk measures. We continue with liquidity risk, credit risk, and operational risk. Finally, we discuss several applied issues, such as specifics of risk management in banking and in the emerging markets. The course on Investment Theory is a prerequisite for Risk Management.

**English**

**R. Burdonskaya, V. Salistra**

#### **Meetings of Research Groups**

*(See description given in Module I)*

## **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 4 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.

## **Appendix 2: Research Profiles of the Tenured-Track Faculty**

### **STANISLAV A. ANATOLYEV**

#### *Articles and notes in refereed journals:*

- Anatolyev, Stanislav (2005) “GMM, GEL, serial correlation and asymptotic bias”, *Econometrica*, Vol. 73, No. 3, pp. 983–1002
- Anatolyev, Stanislav and Alexander Gerko (2005) “A trading approach to testing for predictability”, *Journal of Business and Economic Statistics*, forthcoming
- Anatolyev, Stanislav and Grigory Kosenok (2005) “An alternative to maximum likelihood based on spacings”, *Econometric Theory*, Vol. 21, No. 2, pp. 472–476
- Anatolyev, Stanislav (2004) “Inference when a nuisance parameter is weakly identified under the null hypothesis”, *Economics Letters*, Vol. 84, No. 2, pp. 245–254
- Anatolyev, Stanislav (2003) “The form of the optimal nonlinear instrument for multiperiod conditional moment restrictions”, *Econometric Theory*, Vol. 19, No. 4, pp. 602–609
- Anatolyev, Stanislav and Sergey Korepanov (2003) “The term structure of Russian interest rates”, *Applied Economics Letters*, Vol. 10, No. 13, pp. 867–870
- Anatolyev, Stanislav and Andrey Vasnev (2002) “Markov chain approximation in bootstrapping autoregressions”, *Economics Bulletin*, Vol. 3, No. 19, pp. 1–8
- Anatolyev, Stanislav (2002) “Electoral behavior of US counties: a panel data approach”, *Economics Bulletin*, Vol. 3, No. 9, pp. 1–10
- Anatolyev, Stanislav (1999) “Nonparametric estimation of nonlinear rational expectations models”, *Economics Letters*, Vol. 62, No. 1, pp. 1–6

#### *Problems and solutions in refereed journals:*

- Anatolyev, Stanislav (2003) “Redundancy of lagged regressors in a conditionally heteroskedastic time series regression”, *Econometric Theory*, Vol. 19, No. 1, Problem 03.1.2, pp. 225–226
- Anatolyev, Stanislav (2002, 2003) “Autoregression and redundant instruments”, *Econometric Theory*, Vol. 18, No. 6, Problem 02.6.2, p. 1461; Vol. 19, No. 6, Solution 02.6.2, pp. 1197–1198
- Anatolyev, Stanislav (2002, 2003) “Durbin–Watson statistic and random individual effects”, *Econometric Theory*, Vol. 18, No. 5, Problem 02.5.1, pp. 1273–1274; Vol. 19, No. 5, Solution 02.5.2, pp. 882–883
- Anatolyev, Stanislav (2001) “Serial correlation and asymptotic variance”, *Econometric Theory*, Vol. 17, No. 5, Problem 01.5.3, p. 1026
- Anatolyev, Stanislav (2001, 2002) “Conditional and unconditional correlatedness and heteroskedasticity”, *Econometric Theory*, Vol. 17, No. 3, Problem 01.3.2, p. 669; Vol. 18, No. 3, Solution 01.3.2, pp. 820–821

#### *Working papers:*

- “A ten-year retrospection of the behavior of Russian stock returns”, BOFIT working paper 9/2005, Bank of Finland, 2005
- “Dynamics and predictability in Russian financial markets”, with Alexander Gerko, Dmitry Shakin and Olga Kryukovskaya, working paper WP/2004/042, New Economic School, 2004
- “Three essays on econometrics of moment conditions in time series”, working paper WP/2004/041, New Economic School, 2004
- “Capital expenditures financing in Russia”, with Galina Ovtcharova, working paper WP/2001/030, New Economic School, 2001
- “Instrumental variables estimation of heteroskedastic linear models using all lags of instruments”, with Kenneth West and Ka-fu Wong, SSRI working paper 2001-20, University of Wisconsin-Madison, 2001

#### *Work in progress:*

- “Retrospection of the behavior of Russian stock returns during the last decade”, in preparation
- “Retrospection and monitoring of time series predictability”, in preparation
- “A unifying view of some predictability tests”, in preparation
- “Model complexity and model performance”, with Andrey Shabalin, submitted
- “Modeling, estimation, inference and prediction under linear-exponential loss”, submitted
- “Optimal instruments in time series: a survey”, submitted
- “Trade intensity in the Russian stock market: dynamics, distribution, and determinants”, with Dmitry Shakin, submitted

“Instrumental variables estimation of heteroskedastic linear models using all lags of instruments”, with Kenneth West and Ka-fu Wong, under revision  
 “Method-of-moments estimation and choice of instruments”, in preparation  
 “Robustness of residual-based bootstrap to composition of serially correlated errors”, submitted  
 “Approximately optimal instrument for multiperiod conditional moment restrictions”, under revision  
 “Conditional serial correlation consistent modeling of conditional heteroskedasticity”, under revision

*Teaching materials:*

“Intermediate and advanced econometrics: problems and solutions”, New Economic School, first edition, 2002; second edition, 2005  
 “Lecture notes: advanced econometrics” (in Russian), New Economic School, 2003  
 “Lecture notes: intermediate econometrics” (in Russian), New Economic School, 2002, second edition, 2003

*Presentations at international conferences:*

9th Econometric Society World Congress, London, UK, August 18–25, 2005  
 XVI New Economic School research conference, Moscow, October 14–16, 2004  
 Econometric Society European meeting, University Carlos III–Madrid, Leganés, Spain, August 19–24, 2004  
 XIV New Economic School research conference, Moscow, October 9–11, 2003  
 European Economic Association annual congress, Stockholm University, Sweden, August 20–24, 2003  
 North American summer meeting of the Econometric Society, Kellogg School of Management, Northwestern University, June 26–29, 2003  
 VIII Spring Meeting of young economists, Catholic University of Leuven, Belgium, April 3–5, 2003  
 New Economic School Anniversary conference, Moscow, December 19–21, 2002  
 XII New Economic School research conference, Moscow, October 3–5, 2002  
 Econometric Study Group annual conference, University of Bristol, United Kingdom, July 18–20, 2002  
 VII Spring Meeting of young economists, University of Paris 1 Panthéon–Sorbonne, France, April 18–20, 2002  
 X New Economic School research conference, Moscow, November 1–3, 2001  
 North American summer meeting of the Econometric Society, University of Maryland, June 21–24, 2001

*Courses taught*

*Courses taught at New Economic School:*

Econometrics 4 (Advanced Master’s Econometrics), 2000, 2001, 2002, 2003, 2004  
 Econometrics 3 (Intermediate Master’s Econometrics), 1998, 1999, 2001, 2002, 2003, 2004, 2005  
 Applied Time Series Econometrics, 2001, 2002, 2002, 2003, 2004  
 Advanced Topics in Econometrics, 2001, 2003, 2004, 2005  
 Topics in Time-Series Econometrics, 2002  
 Topics in Cross-Sectional Econometrics, 2001

*Courses taught elsewhere:*

Econometrics and its Applications to Policy Analysis: Applied Time Series Analysis, EEA–EERC–INTAS Summer School, Kyiv, Ukraine, 2005  
 Introduction to Time Series Econometrics, NES and Institute for Economics and Finance Outreach Summer School, Almaty, Kazakhstan, 2002  
 Statistics and Application of Mathematical Methods in Economics, Center for Economic Research and World Bank, Tashkent, Uzbekistan, 2002  
 Macroeconomic Modeling and Forecasting, Ministry of Economic Development and Trade, Moscow, 2001  
 Economic Statistics and Econometrics, Graduate School of Business Administration, Moscow State University, 2001  
 Econometrics III: Panel Data Analysis, EERC–Russia Methodological Seminar, Moscow, 2001  
 Econometrics II: Time Series Analysis, EERC–Russia Methodological Seminar, Moscow, 2001  
 Econometrics I: Estimation and Inference in Econometrics, EERC–Russia Methodological Seminar, Moscow, 2000  
 Applied Econometrics, EERC Summer School, Issyk-Kul, Kyrgyz Republic, 2000

International Trade and Finance, Moscow International University, 1994–1995

*Short courses:*

Causality in Panel Data, Institute for Economies in Transition, Moscow, 2001

Time Series Econometrics (with Mark Taylor), World Bank and Higher School of Economics, Moscow, 2000

*Grants and Honors*

Access Industries Assistant Professor of Economics, Access Industries, 2003–2005

Swedish Professorship Award, Economics Education and Research Consortium–Russia and Eurasia Foundation, 2000–2003

Travel grant, 9th Econometric Society World Congress, London, 2005

Travel grants, VIIth Spring Meeting of Young Economists, Paris, 2002, and VIIIth Spring Meeting of Young Economists, Leuven, 2003

New Economic School supplementary grant, 1996–1997

Bullis Scholarship, University of Wisconsin, Department of Economics, 1995–1996

Open Society Institute grant, 1995–1996

Cum Laude graduation, New Economic School, Moscow, 1995

*Membership in professional associations:*

Econometric Society, European Economic Association, American Statistical Association

*Referee service:*

Econometrica, Econometric Theory (3 times), Journal of Econometrics, Econometric Reviews, Journal of American Statistical Association, Journal of Money, Credit, and Banking (4 times), Journal of Empirical Finance, Economics Bulletin, Statistica Neerlandica, Finnish Economic Papers

## **ANDREI BREMZEN**

*Working papers*

“Sequential Auctions with Entry Deterrence”.

“Bargain or Post the Price?”

“Auction Rules as a Commitment Device”.

*Work in Progress*

“How were Deputies in the Third Duma Elected and how They Voted” (with Georgy Egorov and Dmitry Shakin)

“Do Employers Send Signal of Task Difficulty to Employees? Experimental Evidence” (with Akhmed Akhmedov and Anton Suvorov).

*Courses Taught*

New Economic School, Master program courses: Contract theory, Game theory, Industrial Organization II, Microeconomics V.

## **SERGEI M. GURIEV**

*Papers in refereed journals*

Guriey, Sergei, and Dmitry Kvassov (2005) “Contracting on time”, *American Economic Review*, December 2005.

Friebel, Guido and Sergei Guriev (2005). “Attaching Workers Through In-kind Payments: Theory and Evidence from Russia”, *World Bank Economic Review*, September 2005.

Guriey, Sergei, and Andrei Rachinsky (2005). “The Role of Oligarchs in Russian Capitalism”, *Journal of Economic Perspectives*, Winter 2005, 19(1), 131-150.

Andrienko, Yuri, and Sergei Guriev (2004). “Determinants of Interregional Labor Mobility in Russia.” *Economics of Transition* 12(1), 1-27. [lead article]

Guriev, Sergei (2004). "Red tape and corruption." *Journal of Development Economics* 73(2), 489-504. [lead article]

Guriev, Sergei, and Dmitry Kvasov (2004). "Barter for price discrimination", *International Journal of Industrial Organization*, 22(3), 329-350.

Guriev, Sergei (2003). "Incomplete Contracts with Cross-Investments." Contributions to Theoretical Economics, *Berkeley Electronic Journals on Theoretical Economics*, 3(1), Article 5.

Guriev, Sergei, Igor Makarov, and Mathilde Maurel (2002). "Debt Overhang and Barter in Russia", *Journal of Comparative Economics*, 30(4), 635-656. [lead article]

Guriev, Sergei (2001). "On Microfoundations of Yaari's Dual Theory of Choice". *Geneva Papers on Risk and Insurance Theory*, 26(2), 117-137.

#### *Chapters in books*

Guriev, Sergei and Barry Ickes (forthcoming). "Microeconomic Aspects of Economic Growth in Eastern Europe and the Former Soviet Union, 1950-2000", in Randall Filer and Gur Ofer (ed.) "Growth in Transition" Oxford University Press.

Guriev, Sergei and Djavad Salehi-Isfahani (2003) "Microeconomics of Growth Around the World" in Lyn Squire and Gary McMahon, ed. "Explaining Growth: A Global Research Project." Palgrave MacMillan.

Guriev, Sergei and Barry Ickes (2000). "Barter in Russian Firms" in Paul Seabright, ed. 'The Vanishing Ruble: Barter and Currency Substitution in Postcommunist Economies' Cambridge University Press, 2000.

Guriev, Sergei and Barry Ickes (1999). "Russia's Barter Economy", in Erik Berfgloef and Pramesh Vaitilingam, ed. 'Stuck in Transit: Rethinking Russian Economic Reform', chapter 7, CEPR, London.

#### *Grants and Honors*

First Place Medal for Outstanding Research on Conflict, Security, and Migration, Global Development Network, Fifth Annual Awards Competition, 2005

Teaching Excellence Award, 10th Anniversary of the New Economic School, 2002

Best Academic Manager, Russian Academy of Science, Science Support Foundation, Moscow, 2001

"The Person of Values" order #18, Club2015, Moscow, 2001

Best Young Economist Essay Prize, European Association for Research in Industrial Economics, 2001

Gold Medal for Best Research on Institutions and the Market, Global Development Network, First Annual Awards Competition, 2000

Scholarship, Regional Scholar Exchange Program, US Information Agency and International Research Exchange Bureau, 1997-98

Honorary Research Fellowship, Wolverhampton Business School, UK, 1996-99

Research Grant "Russia's Social Sciences: The New Perspective", Moscow Social Science Foundation and Ford Foundation, 1997-98 and 1995-96

Prize for Best Research Work of a Young Researcher, Research Competition in Honour of the 40th Anniversary of the Computing Center, Russian Academy of Science, 1995

Research Grant "Young Economists of Russia", IRIS Research Center, University of Maryland and CEMI, Moscow, 1994-95

Academician Lavrentiev's Scholarship of Distinction, Moscow Institute of Physics and Technology, 1992-93

Medal of Distinction at high school graduation, Kiev Physics and Mathematics High School No.145, 1988

#### *Membership in professional associations:*

American Economic Association, European Economic Association, Econometric Society

#### *Referee service:*

American Economic Review, Berkeley Electronic Journals for Theoretical Economics, Economic Journal, Economics Letters, Economics of Transition, Economic Systems, European Economic Review, Journal of Comparative Economics, Journal of Development Economics, Journal of the Economic Behavior and Organization, Journal of European Economic Association, Journal of Political Economy, Journal of Public Economics, Oxford Economic Papers

## ALEXEI P. GORIAEV

### *Publications*

“Yet another look at mutual fund tournaments” (with Theo Nijman and Bas Werker), *Journal of Empirical Finance* 12(1), January 2005, 127-137.

“Share repurchases are not valued yet” (with Peter Roosenboom and Arno van den Beemt), *Economisch Statistische Berichten*, February 23, 2001, 184-185 (in Dutch)

### *Working Papers*

“The relative impact of different classification schemes on mutual fund flows”

“The dynamics of the impact of past performance on mutual fund flows” (with Theo Nijman and Bas Werker), CentER Discussion Paper Series 2002-2.

“Mutual fund tournament: Risk taking incentives induced by ranking objectives” (with Frederic Palomino, and Andrea Prat), CentER Discussion Paper Series 2000-94.

“Is political risk company-specific? The market side of the YUKOS affair” (with Konstantin Sonin)

“Should emerging market investors diversify abroad despite superior domestic performance?” (with Sergei Prikhodko)

### *Work in Progress*

“Risk factors in the Russian stock market”

### *Courses Taught*

New Economic School, Master program courses: Corporate Finance, Investment Theory, Econometrics of Financial Markets, Risk Management, Microeconomics II

Outreach Center at the New Economic School, courses for university teachers: Investment Theory (2003)

Executive education courses: Financial Strategies (2002), Use of Real Options in Capital Budgeting (2003)

### *Selected Conference and Seminar Presentations*

The Alternative Perspectives on Finance Conference, Stockholm, Sweden, August 2004

Bilkent University, Turkey, May 2004

ERIM Symposium "Finance in Transition Economies", Erasmus University Rotterdam, the Netherlands, April 2004

Tilburg University, the Netherlands, March 2004

Center for Studies in Economics and Finance (CSEF), University of Salerno, Italy, February 2003

Conference on distribution and pricing of delegated portfolio management, Financial Institutions Center at the Wharton School, Philadelphia, USA, May 2002

### *Scholarships, Grants, and Awards*

2001 Research grant, BSI Gamma Foundation

1997-98 Scholarship, CentER, Tilburg University

1997 Nemchinov's award, Central Economic Mathematical Institute (CEMI)

1996-97 Scholarship, University Center of Market Economics (UCME), Tilburg University

### *Membership in professional associations:*

American Finance Association and European Finance Association

## IRINA A. DENISOVA

### *Publications*

“Staying Longer in Unemployment Registry in Russia: Lack of Education, Bad Luck or Something Else?” (in Russian) - in "Aktualnie voprosi socialnoi politiki (kommentarii ekonomistov, sociologov i demografov)", Moscow, 2002.

“Monetary Policy Transmission in Russia: the Role of Industrial Interenterprise Arrears” // in the book ‘Post-Soviet Policy Perspectives’ ed. by Alexei D. Voskressensky and Frank Columbus, New York, Nova Science Publishers, 1997

#### *Working Papers*

“Adjustment Costs of Trade Liberalization in Russia” (joint with Akhmed Akhmedov, Evgenia Bessonova, Ivan Cherkashin and Elena Grishina ) mimeo  
“Premium for Degree in Engineering: Estimation of Returns to Field-Specific Education in Russia” (joint) – preprint HSE, Moscow, 2005  
“Premium for Degree in Engineering: Estimation of Returns to Field-Specific Education in Russia” (joint with Marina Kartseva) – CEFIR Working Paper, 2004  
“Re-Training Programs in Russia and Romania: Impact Evaluation Study “ (joint with Jacob Benus, Raluca Catrinel Brinza, Vasilica Cuica and Marina Kartseva) – CEFIR Working Paper, 2004  
“Impact Evaluation Study of Social Adaptation and Public Works Programs in Russia” (joint with Marina Kartseva) – mimeo  
«WTO Accession and the Labor Market: Estimation for Russia» (joint) – Moscow Carnegie Center, Working Paper, issue 36, 2004  
“WTO Accession and the Labor Market: Estimation for Russia” (joint with Akhmed Akhmedov, Evgenia Bessonova, Ivan Cherkashin, Elena Grishina and Denis Nekipelov) – CEFIR Working paper, 2003  
«Active Labor Market Policies in Russia: Regional Interpretation Determines Effectiveness?» (joint with Akhmed Akhmedov and Marina Kartseva) – CEFIR Working Paper, 2003  
“Staying Longer in Unemployment Registry in Russia: Lack of Education, Bad Luck or Something Else?” – CEFIR Working Paper, 2002  
“Child Benefits and Child Poverty” (joint with Stanislav Kolenikov and Ksenia Yudaeva) – CEFIR Working Paper, 2000  
“Credit Channel of Monetary Transmission: the Role of Industrial Interenterprise Arrears” – EERC Working paper No. 99/12E, 1999  
Social Policy in Russia: Employment Fund – Russian Economic Trends, 1999, No.1  
“The Regulation Framework of the Russian Labour Market: Current State and Reform Tendencies” (joint with Guido Friebel and Elena Sadovnikova) – RECEP Working Paper No.5, 1998  
“Internal Labour Markets and Human Resource Policies: an Account from the Existing Surveys” (joint with Guido Friebel and Elena Sadovnikova) – RECEP Working Paper No.6, 1998

#### *Work in Progress*

"Poverty Is No Crime: Measuring Poverty in Russian Regions" (with Marina Kartseva)

#### *Courses Taught*

New Economic School, Master program courses: Labour Economics, Macroeconomics-2  
Outreach Center at the New Economic School, courses for university teachers:  
Macroeconomics, Microeconomics (Labour economics)

#### *Selected Conference and Seminar Presentations*

Second World Conference of Society of Labor Economists (SOLE) and European Association of Labour Economists (EALE), San-Francisco, June 2-5, 2005. Presentation of the paper “Re-Training Programs in Russia and Romania: Impact Evaluation Study”  
8th Annual Conference on Global Economic Analysis Trade, Poverty, and the Environment, Lubeck, Germany, June 9-11, 2005. Presentation of the paper “Adjustment Costs of Trade Liberalization in Russia”  
Social Sector Networking Workshop, Prague, March 1-4, 2005. Presentation of the paper “Re-Training Programs in Russia and Romania: Impact Evaluation Study”  
European Association of Labour Economists (EALE) Annual Conference, September 9-11, 2004, Lisbon Presentation of the paper “Premium for Degree in Engineering: Estimation of Returns to Field-Specific Education in Russia”  
Final conference of Think Tank Partnership Program, Slovenia, June 2004 Presentation of the paper “Re-Training Programs in Russia and Romania: Impact Evaluation Study”

European Association of Labour Economists (EALE) Annual Conference, September 18-20, 2003, Seville Presentation of the paper «Active Labor Market Policies in Russia: Regional Interpretation Determines Effectiveness?»

*Scholarships, Grants, and Awards*

Swedish Professorship Award for working at CEFIR and NES

2001 Research Grant from the Ford Foundation

1996 Research Grant from Economic Education and Research Consortium Russia (EERC)

1994 Research Grant from the Ford Foundation

*Membership in professional associations*

European Association of Labour Economists, American Economics Association

**ALEXEI Y. DEVIATOV**

*Publications:*

Another Example in which Lump-Sum Money Creation is Beneficial (with Neil Wallace), *Advances in Macroeconomics*, Vol. 1: No. 1, (2001), Article 1.

*Completed papers:*

Money Creation and Optimal Pairwise Core Allocations in a Matching Model, 2002, The Pennsylvania State University

Money Creation in a Random Matching Model, 2003, The New Economic School (under review in *Journal of Monetary Economics*).

*Work in progress:*

Explaining Three Centuries of the Value of Gold with a Model of Saving (with Neil Wallace)

*Presentations:*

Another Model of Exchange-Rate Uncertainty

Midwest Economic Theory and International Economics Meetings, Vanderbilt University, Nashville TN, April 2005

ZEI (Center for European Integration Studies) Summer School 2003, University of Bonn, Bonn, August 2004

Reputation and the Soft-Budget Constraint

AEA Annual Meetings, San Diego CA, January 2004

Money Creation in a Random Matching Model

Workshop on Money, Banking and Payments, Federal Reserve Bank of Cleveland, Cleveland OH, August 2004

Midwest Economic Association Annual Meetings, Chicago IL, March 2004

EEA-ESEM Annual Congress 2003, Stockholm, August 2003

ZEI (Center for European Integration Studies) Summer School 2003, University of Bonn, Bonn, July 2003

Accepted for presentation at Midwest Economic Theory and International Economics Meetings, University of Notre Dam, October 2002

Optimal Money Creation in a Random-Matching Model with Ex post Individual Rationality

Conference on Monetary Economics, Federal Reserve Bank of Cleveland, Cleveland OH, August 2001

Another Example in Which Lump-Sum Money Creation is Beneficial

Cornell-Penn State Macro Workshop, University Park PA, April 2000

**GRIGORY V. KOSENOK**

*Awards*

Swedish Professorship Award, Economics Education and Research Consortium, 2002.

Bullis Scholarship, UWM, Department of Economics, 1996-1997.



### *Research in Progress*

- “The Empirical Content of Quantal Response Equilibrium”, with Phil Haile (Yale U.) and Ali Hortacsu (U. of Chicago)
- “Individually Rational, Balanced-Budget Bayesian Mechanisms”, with Sergei Severinov (Duke U.)
- “Favoritism in Repeated Collusive Schemes”, with Ariane Lambert Mogiliansky (CERAS, Paris)
- “An Alternative to Maximum Likelihood Based on Order Statistics”, with Stanislav Anatolyev (NES)
- “Collusion and Cooperation with Private Monitoring”.

## **KONSTANTIN I. SONIN**

### *Awards and Grants*

- Award for a Best Economist of the Russian Academy of Science, 2002
- Earhart Fellowship for participation in the ISNIE Annual Conference, 2002

### *Academic Papers*

- Why the Rich May Favor Protection of Property Rights, forthcoming in the *Journal of Comparative Economics*, symposium issue on Appropriate Institutions for Growth (S.Djankov, ed.)
- Corruption and Collusion in Procurement Tenders (with Ariane Lambert), *CEFIR at NES Working Paper*, 2003
- Information Revelation and Efficiency in Auctions (with Anna Mikusheva), *CEPR Working Paper* 3675, 2002
- Provincial Protectionism, *WDI Working Paper* 557, 2003
- The Variable Value Environment: Auctions and Actions (with Michael Schwarz), *Harvard Institute for Economic Research Working Paper*, 2002
- Passive Creditors (with Koen Schoors), 2002

### *Policy-Related Publications and Presentations*

- The New Bankruptcy Law in Russia (with Ben Branch and Natasha Goncharova), *Annual Survey of Bankruptcy Law*, West Group, 2003
- Economics and Politics of Russian Bankruptcy (with Ekaterina Zhuravskaya), *CEFIR at NES* mimeo, 2003
- Presentation at the joint seminar of the Higher School of Economics and the Russian-European Center for Economic Policy "Corporate Governance in Transition Economies", April 2002
- Opinion contribution to OPEC on the design of fishery auctions, January 2003
- Interview to the radio Liberty/Free Europe on auction design, July 2002
- During the 2002-2003 year frequently commented in the media on issues of bankruptcy.

### *Invited Seminars*

- Political Economics Workshop, Harris School of Public Policy, University of Chicago, April 2003 (*Provincial Protectionism*)
- Political Economy Workshop, Kellogg School of Business, Northwestern University, March 2003 (*Conflicts and Commitments*)
- Micro Theory Workshop, Economics Department, Penn State University, State College, March 2003 (*Information Revelation and Efficiency in Auctions*)
- Microanalysis of Transition Economics Series, Harriman Institute, Columbia University, March 2003 (*Provincial Protectionism*)
- Theory Workshop, Economics Department, Columbia University, New York, March 2003 (*Information Revelation and Efficiency in Auctions*)

### *Conferences*

- World Bank Conference on Appropriate Institutions for Growth, Washington, DC, September 2002 (*Why the Rich May Favor Poor Protection of Property Rights*)

International Society for New Institutional Economics Annual Conference, Cambridge, MA, September 2002 (*Provincial Protectionism*)  
Summer Meeting of the Econometric Society, Evanston, IL, June 2003 (*Provincial Protectionism*)  
CEPR/WDI Transition Economics Conference, Budapest, July 2003 (*Provincial Protectionism*)  
European Economic A/ESEM 2003 (*Provincial Protectionism, Corruption and Collusion in Procurement Tenders*), Stockholm, August 2003  
Ronald Coase Workshop, Budapest, September 2003 (guest lecture – *Political Economics of Russian Federalism*)  
International Society for the New Institutional Economics, Budapest, September 2003 (*Electing a Stationary Bandit*)

## **SERGEY STEPANOV**

### *Working Papers*

“Shareholder Protection and Outside Blockholders: Substitutes or Complements?”  
“Shareholder Access to Manager-Biased Courts and the Monitoring/Litigation Tradeoff”  
“Law and the Choice of Corporate Governance at the Firm Level”

### *Work in Progress*

“Mergers and Acquisitions in Russian Industry”  
“Corporate Governance Practices and Prospects in Russia”

### *Courses Taught*

New Economic School, Master program courses: Corporate Finance I and II

### *Selected Conference and Seminar Presentations*

32nd Annual Meeting of the European Finance Association, Moscow, Russia, August 2005  
Conference in tribute to Jean-Jacques Laffont, Toulouse, France, June 2005  
Governance Seminar at SITE, Stockholm School of Economics, Sweden, September 2004  
SHEE/SITE Workshop on Transition and Institutional Analysis, Stockholm School of Economics, Sweden, October 2003  
18th Annual Congress of the European Economic Association, Stockholm, Sweden, August 2003  
Conference “The State of Economics and of Transition, Honoring 10 years of the New Economic School”, Moscow, Russia, December 2002

### *Scholarships and Grants*

2000-04 PhD scholarship, ECARES, Université Libre de Bruxelles  
2004-05 PhD scholarship from the Foundation by Jan Wallander and Tom Hedelius, Handelsbanken (Sweden)

### *Membership in professional associations:*

European Economic Association

## **ANTON SUVOROV**

### *Grants and Awards*

2005-2006: “Swedish Professorship Award”  
2000-2003: “Bourse d’excellence Eiffel” of the French Ministry of Foreign Affairs  
1999: “Bourse d’études” of the French Government  
1993: “Soros Student” grant, Moscow

### *Courses Taught at NES*

Behavioral Economics  
Microeconomics-4

### *Working Papers*

- “Advice by an Informed Intermediary” with Natalia Tsybouleva (Toulouse University), 2004
- “Discretionary Bonuses as a Feedback Device” with Jeroen van de Ven (Utrecht School of Economics), 2003
- “Addiction to rewards”, mimeo, 2002
- “Barter and Long-Term Relations”, NES BSP Series Working Paper, 1999

### *Research in Progress*

- “The impact of psychological biases on occupational choice and job performance” (joint with Ekaterina Zhuravskaya (NES/CEFIR))
- “Specific human capital acquisition under non-verifiable performance” (joint with A. Akhmedov (CEFIR))
- “Information transmission through rewards: an experimental study” (joint with A. Bremzen (NES) and A. Akhmedov (CEFIR))
- “Learning and not learning from others’ mistakes” (joint with G. Friebe (Toulouse University) and S. Guriev (NES))

### *Conference presentations*

- August 2005: Econometric Society World Congress, London
- June 2005: Conference on Psychology and Economics, Toulouse
- April 2005: International Industrial Organization Conference, Atlanta
- January 2004: ENTER Jamboree, Barcelona (discussant)
- October 2003: “Winter Meeting of Econometric Society”, Madrid
- April 2003: VIII Spring Meeting of Young Economists, Leuven
- January 2003: ENTER Jamboree, Tilburg
- September 2002: “Coalition Formation, Groups and Networks”, Aix-en-Provence
- August 2002: “Summer Institute in Behavioral Economics”, University of California, Berkeley (without presentation)
- April 1999: Fifth NES Annual Conference, Moscow

## **KSENIA YUDAEVA**

### *Publications:*

#### In English:

- The New Political Economy of Russia, with Erik Berglof, A. Kunov, Yulia Shvets. MIT Press, July 2003
- “Up and Down the stairs: Paradoxes of Russian Economic Growth”, with Maria Gorban, Natalia Volchkova, Vladimir Popov. In “The Economic Prospects of the CIS: Sources of Long Term Growth”, Gur Ofer and Richard Pomfret (eds.), Edward Elgar, 2004
- “Globalization and Inequality in CIS countries: the Role of Institutes”. In Lyn Squire and Natalia Dinello (eds.) “Globalization and Equity: Perspectives from the Developing World”, Edward Elgar, 2005.
- “Does Foreign Ownership Matter? Russian experience”, with Konstantin Kozlov, Natalia Melentjeva, Natalia Ponomareva. Economics of Transition, 11 (3) 2003
- “Survey of research on impact of the Russia’s entry into the WTO onto its economy”, written for OECD Round table on improving analytical support to the government, published as OECD report, June 2003

#### In Russian (academic papers):

- “Rossia v VTO: mify i realnost” (“Russia in the WTO: Myths and Reality”), with Sergey Guriev and Maria Gorban. Voprosy Ekonomiki, 2002
- “Innovatsionnaya aktivnost rossiyskikh firm” (“Innovative activities of Russian Firms”), with K.Kozlov, D.Sokolov. Ekonomicheskij Zhurnal Vysshey Shkoly Ekonomiki V.8, N.3, 2004. A shorter version is published in the proceedings of the 2004 HSE conference.
- “Konkurentosposobnost? Spasibo, ne nado”. (“Competitiveness? Thanks, We Don’t Need It”), Rossiya v Globalnoy Politike (Russian version of Foreign Affairs), No.4, 2004.
- “Chto Zhdut on WTO rossiyskie predpriyatiya: rezultaty oprosa” (“What Russian Firms Expect from the WTO accession: survey results”) Working paper No.4, Carnegie Moscow

Center, 2004. A shorter version is also published in a book volume of the Russian Academia of State Service.

“Sectoral and Regional Analysis of the Consequences of Russia’s Entry into the WTO: An Appraisal of Costs and Benefits” with Evgenia Bessonova, Konstantin Kozlov, Boris Belov, Denis Sokolov, Nadezhda Ivanova. Working paper No. 3, Carnegie Moscow Center, 2003

#### Non-academic publications

Policy reports for WEF, Baltic Development Forum, Moscow ILO office, Russian Ministry of Economy and Trade, Russian Antimonopoly committee, Swedish Ministry of Finance, Moskovsky Obschenauchny Fond, etc. More than 30 publications in the Russian press.

#### *Work in Progress:*

“Innovation activities of Russian firms”, with K.Kozlov.

“The Role of FDI in Eastern Europe: A Closer Look at the Evidence”, with I.Tytell. Paper written for the EBRD 10th anniversary program.

“Estimation of the Russia's trade policy options with the help of the Computable General Equilibrium Model”, with N. Tourdyeva and S. Alexeev, CEFIR Working Paper, 2003

“Trade Liberalization, Foreign Direct Investment, and Productivity of Russian Firms”, with Evgenia Bessonova and Konstantin Kozlov. Mimeo, CEFIR.

“Child Poverty and Child Benefits”, with Irina Denisova and Stanislav Kolenikov. CEFIR Working Paper, 1999

### **OLEG A. ZAMULIN**

#### *Grants and Fellowships:*

Prize "The Best Russian Economists" from the Science Support Foundation, 2002

#### *Publications:*

“Foreign Currency Pricing” (with Irina Levina), Journal of Money, Credit, and Banking, forthcoming

“Survey of New Keynesian Economic Theory with Special References to Russia” (in Russian), 2002, Analytical Supplement 1(1), pp. 132-48, The School of Economics Institute, St.Petersburg, Russia

#### *Unpublished Academic Papers:*

“What Stands Behind the Real Appreciation of the Russian Ruble in 1998-2003?” (with Kirill Sosunov), 2004

“Estimating Price Rigidities in Russia’s Real Estate Markets,” (with Konstantin Styryin), 2003.

“Counter-cyclical Trade Balance and Persistent Real Exchange Rates in a Neomonetarist Model,” summer 2001.

“Sticky Import Prices or Sticky Export Prices: Theoretical and Empirical Investigation,” 2001.

#### *Selected Policy-Related Projects:*

"Monitoring of Administrative Barriers to Small Business Growth," CEFIR at NES, project leader, fall 2001 - present.

"A New Central Bank for a New Russia", CEFIR at NES, project participant, spring 2002.

#### *Selected Conference Presentations:*

World Bank Scaling Up Poverty Reduction Conference, Shanghai, China, May 2004

Bank of Finland – CEFIR at NES Workshop on Transition Economics, Helsinki, Finland, April 2004

“Comparing the Experience of Transition in China and Russia,” conference in Beijing, China, November 2003

New Economic School annual research conference, Moscow, Russia, October 2003

European Economic Association annual congress, Stockholm, Sweden, August 20-24, 2003

ABCDE-Europe World Bank conference, Paris, France, April 2003

New Economic School 10th Anniversary Conference, Moscow, Russia, December 2002

New Economic School annual research conference, Moscow, Russia, October 2002

17th Annual Congress of the European Economic Association, Venice, Italy, August 22-24, 2002

South-East International Economics and Economic Theory Conference, Miami, Florida, USA, November 2001

*Administrative Services:*

Acting Academic Director of CEFIR at NES, since September 2003-present

Deputy chair of the Admissions Committee, Chair of the Economics exam committee, New Economic School, since November 2002

Director of the Outreach Center, New Economic School, since September 2002

## **EKATERINA ZHURAVSKAYA**

*Academic publications:*

“Incentives to Provide Local Public Goods: Fiscal federalism – Russian style”, *Journal of Public Economics* 76 (3), 2000, Special Issue

“Rackets, Regulation and the Rule of law”, *Journal of Law, Economics and Organization*, 16(2), 2000 (with T. Frye)

“Does Arbitrage Flatten Demand Curves for Stocks?”, *Journal of Business*, 75(4), 2002 (with J. Wurgler)

“Federal Tax Arrears in Russia: Liquidity Problems, Federal Redistribution, or Regional Protection?”, *Economics of Transition*, 12(3), 2004, lead article (with M. Ponomareva)

“Opportunistic Political Cycles: Test in a Young Democracy Setting”, *Quarterly Journal of Economics*, 119(4), 2004 (with A. Akhmedov)

“Who are the Russian Entrepreneurs?”, *Journal of European Economic Association, Papers and Proceedings*, 3(2-3), 2005 (with S. Djankov, E. Miguel, Y. Qian, G. Roland)

“Laws for Sale: Evidence from Russian Regions”, *American Law and Economics Review*, Special issue, 3 (1), 2005 (with I. Slinko and E. Yakovlev)

“Entrepreneurship in China and Russia Compared”, *Journal of European Economic Association, Papers and Proceedings*, forthcoming spring 2006 (with S. Djankov, Y. Qian, G. Roland)

*Chapters in published volumes:*

Governance, Decentralization and Reform in China, India and Russia. Dethier, J.J. (ed.) Kluwer Academic Publishers, Dordrecht, 2000

Stuck in Transit: Rebuilding the Russian Economy. E. Berglof and R. Vaitilingam (eds.) Brookings, 2000

Building a Trustworthy State: Problems of Post-Socialist Transition. J. Kornai and S. Rose-Ackerman (eds.), Palgrave Macmillan, 2004

*Journal articles under review and working papers:*

“Decentralization and Political Institutions”

CEPR Discussion Paper #3857, 2003 (with R. Enikolopov) last revision August, 2005, Revise and resubmit in the *Journal of Public Economics*

“Who are China’s Entrepreneurs?”

(with S. Djankov, Y. Qian, G. Roland) invited for presentation at the ASSA Meetings in Boston in 2006

“Capture of Bankruptcy: Theory and Russian Evidence”

CEPR Discussion Paper # 2488, 2000, (with A. Lambert and K. Sonin) last revision June, 2003

“State Capture in a Federation”

(with E. Yakovlev) last revision October, 2005

“State Capture and State vs. Private Ownership”

(with E. Yakovlev) last revision March, 2005, Revise and resubmit in the *Economic and Transition*

“Firms and Public Service Provision in Russia”

(with P. Haaparanta, T. Juurikkala, O. Lazareva, J. Pirttila, and L. Solanko), 2003

*Policy papers and publications:*

“Why regulation matters for private protection rackets and public goods provision?”  
Russian Economic Trends, Volume 4: Issue 4, 1998  
“Inter-Governmental Relations in Russia,”  
Russian Economic Trends, Volume 8: Issue 1, 1999  
“Bankruptcy in Russia: Away From Creditor Protection and Restructuring,”  
Russian Economic Trends, Volume 9: Issue 1, 2000  
“Fiscal Federalism in Russia: Problems and Perspectives,”  
CEFIR policy paper, 2001 (with R.Enikolopov and A.Makrushin)  
“Monitoring of Administrative Barriers to Small Business – Rounds 1, 2, 3, and 4,”  
CEFIR policy papers, 2002, 2002, 2003, 2003, and 2004

*Courses Taught:*

New Economic School, Master program courses: Political Economics (2005)

*Professional awards:*

Hans Rausing Assistant Professorship award funded from the Kurt and Olga Charitable Trust funds, since 1998  
Young Academic Economists’ Competition Award of the Fifth Nobel Symposium in Economics, “Economics of Transition,” 1999  
Zvi Griliches Excellence Award for research in Economics, Economic Education and Research Consortium, 2000  
Global Leader for Tomorrow, the World Economic Forum, Davos, 2001  
Best Economist Award, the Russian Academy of Sciences, 2002 and 2003

### ***Appendix 3: Theses Abstracts, 2004-2005***

**Evgeniy Abramov**

**Title:** **Analysis of Social Tax Reform (ESN) with the Aid of Computable General Equilibrium model**

**Project:** Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models

**Supervisors:** Volchkova Natalya, Udaeva Kseniya

**Abstract:** This paper provides an analysis of possible economic impacts of payroll tax rate reduction with the aid of computable general equilibrium model.

The paper consists of three main parts. First, main economic agents and their objective functions are outlined. Then, parameters of these functions are calibrated and model is specifically tested on consistency and robustness. Finally, depending on initial prerequisites, several experiments are carried out to show various impacts of concerned reform on economy as a whole. Economic results are primarily determined by an assumption of how off-budget fund deficit is financed. If the deficit is covered by other taxes that government raises, then payroll tax reform results in cut of government expenditures on education, health, government administration and other socially significant items of government budget. If, on the other hand, the payroll tax reduction is accommodated with a decrease in off-budget fund expenditures, then the reform seems to have little impact on real variables in the economy. Statistical base for the investigation is formed by "Input-Output" tables, National accounting and "Labor" bulletin for 2001. General equilibrium model is solved in GAMS software environment.

**Pavel Abramov**

**Title:** **Political Economy of Market Valuation Project:**

**Project:** Knowledge Economy Market in Russia

**Supervisors:** Makarov Valery

**Abstract:** It is known that changing of market value of firms is a very important indicator which reflects the company's prosperity. Therefore it is crucial for firms to study factors which influence the company's market value. At the present time there are a lot of papers devoted to studying different factors which affect the market value of firms. In most cases researches are focusing their attention on such factors as transparency of the firm, management efficiency, earnings per share etc. These master theses are devoted to studying influence of political and institutional factors such as level of corruption and state capture on the firm valuation. This paper considers Russian telecommunication companies from different regions which are traded on RTS. The major objective is to investigate how regional characteristics influence the company's value. Also the paper investigates how distance from the financial centre (in Russia it is Moscow) affect market value of firms.

**Vasiliy Akimov**

**Title:** **Innovations and Institutional Environment**

**Project:** Knowledge Economy Market in Russia

**Supervisors:** Valery Makarov

**Abstract:** Recently Russian politicians and scientists have talked that the country should change its development strategy from resource-oriented one to innovative. Thus, one had to stimulate innovative activities in the economy. The aim of this work is to understand how institutional environment affects innovative activities with special attention paid to different kinds of corruption. Using econometrics, we show how factors such as administrative corruption, measure of state capture or free media index affect innovative activities in a region.

**Akshonov Grigory**

**Title:** **Corruption on Top and Bottom Levels**

**Project:** Topics in Microeconomics

**Supervisors:** Sergei Guriev

**Abstract:** The problem of corruption is urgent for most of the developing economies. In a number of papers it has been shown that corruption negatively influences economic growth. Nevertheless, little attention has been paid to the fact that corruption is heterogeneous. Waller, Verdier and Gardner in their paper "Corruption: Top Down or Bottom Up?" have shown that in the model with entrepreneurs and two-level corrupt bureaucratic structure,

under certain parameters, the equilibrium with corruption centralized at the top level Pareto dominates the equilibrium with bottom-up corruption. Yet, they left the empirical testing of their hypothesis for further investigation. I am going to estimate the implications of corruption on different levels using the World Bank BEEPS data set. In my Master Thesis I am going to investigate the problem in more details, using the data on the firm level. Finally, it is supposed to derive a model of two-level hierarchy of bureaucracy and to analyze the way various schemes of corruption affect economic efficiency and social welfare based on the revealed empirical patterns.

**Alexeev Igor**

**Title:** **Regional Aspects of Poverty in Russia**

**Project:** Income distribution, Mobility and the Labor Market

**Supervisors:** Irina Denisova

**Abstract:** Regional analysis of poverty allows answering broad class of questions dedicated to differences and similarities between regions in Russia in the context of poverty. It seems interesting to find out whether poverty in Russia has a distinctive regional pattern and if Russian regions have their own features or profiles of poverty. According to GKS estimation the spread of the poverty indexes between regions was from 3,1% to 55,6% in 2002. The questions are what the reasons of such huge gap between regions are and how the level of poverty could be decomposed into social and economic factors. These questions are to be answered in order to provide stable grounds for government social policy and to increase the efficiency of the current social program aimed at fighting poverty. The aim of this paper is to identify particular regional characteristics of poverty. NOBUS survey which is a nationally and regionally representative household database is used. The results are as follows. First, estimates based on expenditures of households and self-reported incomes differ a lot. One of the possible reasons of such differences is underreporting of incomes by respondents of the survey. Second, some poverty lagoons among households are discovered. There are categories of households for whom the incidents of poverty are permanently higher. The examples of such categories are households with a low ratio of employed people to the total number of members, large families (mnogodetnie sem'i) and those located in small settlements. Third, the influence of different sets of determinants on both poverty rates and poverty gaps in the regions was statistically tested. Finally, it could be shown that access to own subsidiary farming plot (podsobnoe khoz'yaistvo) could significantly improve the welfare of the household and reduce the chance to be poor. Moreover, regions differ with respect to poverty profiles.

**Apokin Alexander**

**Title:** **Repeated Economic Interactions: Imperfect Monitoring and Regulation**

**Project:** Who Holds Power in the Russian Parliament?

**Supervisors:** Andrey Bremzen

**Abstract:** Research presented in the thesis aims at analyzing effects of imperfect discipline on lobbying process. Perfect discipline models assume that voters behave as their leaders command, and thus bribing party leader guarantees support of the whole faction. It is realistic to relax this assumption, however: faction members in parliament often vote differently from the faction ideology or "party line", as voters with similar social characteristics often vote differently. Most political power indices also lack accounting for imperfect discipline. The model of lobbying under imperfect discipline is built. It is shown that status-quo voting results are not affected by lobbying under imperfect discipline; however, payoffs of factions almost do not depend on faction size. Also the idea for estimating political power in terms of faction leader's payoff is suggested.

**Bayazitova Dinara**

**Title:** **Factors Determining the Level of Short-term Loans to Industrial Firms in Russia**

**Project:** Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models

**Supervisors:** Volchkova Natalya., Yudaeva Kseniya

**Abstract:** During the last several years corporate bank loans were growing steadily. Partly, it was the result of growth in GDP caused by high natural resources prices. Increase in access to external financing can stimulate further economic growth only if banking system channel resources to more efficient firms. The purpose of this paper is to examine bank's rationality behind corporate lending in Russia. Using financial statements of Russian firms for 2002-2003 we will try to determine which characteristics a firm should possess to be



able to finance higher share of its assets from bank loans and which firms rely more on their own funds. Data supported the hypothesis that banks do not rely on data provided in financial statements due to their noisiness. More profitable firms still rely mainly on their own funds to finance both their working capital and long-term investments as they did several years ago. Higher level of corporate governance and membership in FIGs relax credit constraints in terms of short-term financing only. However, it is likely to have indirect effect on long-term investments also through releasing for them firms' own funds. We can conclude then that although figures on the increase in banks' corporate lending provided by the Central Bank are impressing, further extension of credit system depends crucially on the improvements in standards of corporate governance and transparency of financial reports. Firms that are not members of financial industrial groups face more severe credit constraints. The existence of such substitution mechanisms as FIGs stresses the importance of improvements in institutional environment.

**Belousov Sergey**

**Title:** **GARCH-Jump Volatility Modeling: Applications to Russian and US Stock Markets**

**Project:** Econometrics of Financial Markets: nonparametric methods

**Supervisors:** Stanislav Anatolyev

**Abstract:** It is well known now that stock returns exhibit conditional heteroskedasticity, and the unconditional distribution displays leptokurtosis. There are also large discrete changes in asset returns. One model that aims to describe this behavior of returns is the Poisson GARCH-Jump model, which assumes an independent jump process with the arrival of jumps governed by a Poisson distribution. It is also known that the correlations between different stocks are higher when the market falls. However, it is still an open question, how correlations behave in the presence of jumps. Further development of GARCH-Jump volatility modeling appears to be a very promising field, taking into account the very volatile nature of modern financial markets and the respective need of financial institutions for the management of risks. The aim of this paper is the following. Firstly, we attempt to investigate the behavior of conditional correlations using the CBP model of Chan (2002). We estimate this model for several pairs of stocks of US and Russian companies and then construct the conditional correlation matrices for different market scenarios. Second, we estimate the univariate GARCH-ARJI model of Chan and Maheu (2002) using data on US and Russian stocks and indices. In this model jump intensity is assumed to follow an autoregressive process. This parameterization is able to capture clustering of jumps through intensity persistence. Finally, we propose and estimate an alternative specification where the jump intensity depends nonlinearly on an absolute lagged return's innovation exceeding some threshold. We call it the Threshold Jump Intensity (GARCH-TJI) model. Then we compare the performance of these models on an in- and out-of-sample basis.

**Bizikov Fedor**

**Title:** **Natural Resources Abundance and Economic Growth**

**Project:** Natural resources and economic growth in Russia

**Supervisors:** Oleg Eismont, Sergey Chernavsky

**Abstract:** Natural resource reserves are usually viewed as the key component of the long run economic growth. Empiric research has demonstrated that natural resources abundance results in slower economic growth. Usually it is explained by Dutch Disease effect: a shift in the structure of economy toward extracting sector and service sector. One result of this paper is the proof of hypothesis that a slower economic growth is not the result of natural resources abundance but of extra profit from the natural resources export. The research is based on the data from the World Bank. In the paper positive influence of natural resources on economic growth was proven. Moreover, the robustness of this result was demonstrated. The corollary of paper is that negative impact of natural resources is due to export gains mismanagement and positive effect relates to natural resources usage as a production factor.

**Bogomolova Valentina**

**Title:** **Real Exchange Rate Regulation Policy in The 2-Sector Model**

**Project:** Globalization and Economic Growth in Developing and Transition Economies: Institutional aspects

**Supervisors:** Victor Polterovich, Vladimir Popov

**Abstract:** This paper examines the effects of usage the disequilibrium exchange rate policy. The two-sector model of general equilibrium is considered. One sector is described by the

production function with learning-by-doing externality. Two different models are considered: the first model – the model of the economy with dominated import externality, the second model – the model of the economy with dominated export externality. The multi-period expansion of Dany Rodrik's model is used as the model with prevalent import externality. It is shown that the overvalued real exchange rate policy is more profitable since it increases the total social welfare. The switching point from overvalued RER to undervalued RER is defined endogenously in this model. The two-period Polterovich, Popov's model is used for studying the effects of the undervalued real exchange rate policy. It is shown that in such a model where the government accumulated FER at the first period (RER is undervalued), and accumulated FER are consumed at the second period, the value of the utility function is higher under disequilibrium undervalued RER, then under equilibrium RER for rather wide range of model parameters. The restrictions on the parameters and some dependence between them are found.

#### **Bryukhanov Ilya**

**Title:** **Regional Income and Earnings Inequality in Russia**

**Project:** Income Distribution, Mobility and the Labor Market

**Supervisors:** Irina Denisova

**Abstract:** The purpose of this paper is to investigate empirically the income and earnings inequality from a regional perspective. The research is based on data of National monitoring of welfare of households and the social program participation (NOBUS). As a main tool research utilizes the decomposition technique of the inequality by different component to bring to light the main sources of the inequality on national basis. The main hypothesis, tested in the paper, is that the regional inequality serves as the primary source of inequality in Russia. It is supposed to use the quantile regression models in order to identify the key factors, which have an influence on the scale of inequality both between and within regions, demographic groups, occupation and educational groups.

#### **Vasin Eugene**

**Title:** **Effects of Reputation in the RBC framework**

**Project:** Imperfect Information and Bounded Rationality with Applications to Macroeconomic Dynamics

**Supervisors:** Alexey Deviatov

**Abstract:** One of the problems with calibrated RBC models with perfect markets and full information is that they do not fully explain volatility of real variables. This paper discusses the influence of reputation on the volatility of real variables in RBC models. There is a continuum of two types of agents in the model: investors, who are endowed with capital, and entrepreneurs, able to run two types of projects: good, with high return on capital, or bad, with low return. The exact type of project is determined by the entrepreneurs type and state of the world, which can also be good, with high aggregate productivity, or bad, with low. Each entrepreneur is characterized by reputation, record of his past performance, which is observed by investors. Each period all investors are met in pairs and at random. Then investors observe state of the world and, with a certain probability, reputation of their counterpart, and decide what fraction of the capital to invest into the project, and what into the risk-free asset. At the end of the period, project outcome is realized, entrepreneur repays the investor, and splits the rest of his asset between reputation investments and consumption. It is shown, that, under certain conditions on the parameters, output volatility is higher comparing to the asymmetric information case and lower comparing to the full information case, but the process of establishing such equilibrium takes some time. Investments into reputation in the low state of the world tend to be higher, than in the high. Also, the paper discusses channels through which endogenous reputation volatility may cause output volatility itself, even with the constant aggregate productivity in the economy.

#### **Vlasov Sergei**

**Title:** **Executive Veto in Legislative Bargaining**

**Project:** Who Holds Power in the Russian Parliament?

**Supervisors:** Andrei Bremzen

**Abstract:** Interaction between legislative and executive branches of power has long been considered in the frameworks of cooperative game theory. This paper develops a noncooperative model of political bargaining between the parliament and the executive. It follows the legislative bargaining approach introduced by Baron and Ferejohn (1989), in which

legislators divide a unit of benefits under simple majority rule. It is shown that if the executive has no representatives inside the parliament his influence on legislators by means of his veto power is constrained. Therefore, there exists maximum portion of total benefits, being allocated in the legislature that he can extract. In contrast, if the executive's representatives have seats in the parliament the portion of benefits they can extract together with the executive exceeds that from the previous case and is determined mainly by the share of legislative votes they control. Moreover, the paper demonstrates that if the executive authority controls sufficiently many seats in the parliament, though less than a simple majority, it can appropriate all benefits in legislative bargaining.

**Volodina Natalia**

**Title:** **The Role of Authorities on the Choice between Tolling and Vertical Integration in Sugar Sector in Russia**

**Project:** Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models

**Supervisors:** Natalia Volchkova, Kseniya Yudaeva

**Abstract:** Sugar companies have three optional channels to get beet on the domestic market: to buy it on free market, to produce it themselves and to get in tolling schemes. In Russia tolling and vertical integration rapidly developed recent years. The transaction costs and suppliers opportunism increase intention for vertical coordination and integration in chain. The refineries tend to contract farmlands and organize beet production themselves. Access to farmland is not transparent in spite of newly imposed land legislation. It let local authorities to impose many additional burdens for land tenants (in our case - refineries) such as social, environmental and other commitments. On the other side since the Soviet period the tolling schemes of deliveries are well spread all over beet producing areas. More over the tolling rate is under strict control of the local authorities, which consider that parameter as important for well-being for local farms. Implicit commitments the refineries are to undertake in exchange for access to land are difficult to estimate quantitatively. For this stage of work we disregard this transaction cost although in the future development of the paper it would be included endogenously into a model. The higher tolling rate the more refineries tend to rent land and produce the needed raw themselves. On the other hand vertical integration involves extra costs. So we built a base model to simulate the behavior of sugar refineries maximizing their margin under conditions of externally set tolling rate.

**Vorobev Ilya**

**Title:** **Corruption and Collective Reputation**

**Project:** Topics in Microeconomics

**Supervisors:** Guriev Sergei

**Abstract:** In a large number of papers it is argued that there is a trade-off between correcting market failures by the government and creating incentives for bureaucrats to become corrupt. In such a situation it is possible that positive level of corruption is optimal for the economy. At the same time it is well known that reputation mechanisms can weaken agents' for the opportunistic behavior in particular for taking bribes. In this paper the question is investigated how collective reputation of bureaucrats can influence the equilibrium level and welfare of the society. The analysis is conducted with the help of general equilibrium model similar to the model from D. Acemoglu, T. Verdier "The choice between market failures and corruption". And the collective reputation will be modeled in similar to the paper J. Tirole "A theory of collective reputations". The following results were achieved. It is shown that good collective reputation of agents has a positive effect on the welfare of the economy. It is also argued that even a threat of corruption can be a source of inefficiency in the economy. When reputation of bureaucrats gets worse or the control is weakened the size of the government sector increases. It is shown also that even one time corruption shocks can destroy the collective reputation of agents.

**Gorbenko Alexander**

**Title:** **Balance-of-Payments Crises: Herding Behavior as the Cause of Speculative Attack**

**Project:** Capital Flows in Transition

**Supervisors:** Zamulin Oleg, Sosunov Kirill

**Abstract:** In this paper, seemingly irrational incentives of people to follow herds of domestic currency exchange, which result in balance-of-payments crises, are examined. It turns out that the behavior of speculators is quite rational: they observe actions by those already

informed about the state of the government and compare possible profits of exchange and no-exchange given this new information. First, a model is defined using an approach by Chari, Kehoe (2003), to account for the effect of BOP-herding in the economy composed of homogeneous agents. Then, the model is expanded to include three types of people differentiated by income and signal quality. This helps to explain “fashion leader” and herd reversal effects discussed by Bikhchandani, Hirshleifer, Welch (1992). Third, effects of government signaling, terms-of-trade shocks, and contagion on the probability and direction of herds are examined. Also, endogenous choice of after-crisis devaluation is proposed using the approach similar to Obstfeld (1995), and the realization of the unique equilibrium out of multiple equilibria due to the herding effect is explained. Finally, explanation of the Russian default in 1998 within the framework of the model is given using calibrated parameters.

#### **Gorshkova Ekaterina**

**Title:** **Reform of Housing and Communal Services in Russia: Microsimulation Approach**  
**Project:** Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models  
**Supervisors:** Ksenia Yudaeva, Natalia Volchkova  
**Abstract:** A very important subject in Russia currently is transition of the enterprises of housing and communal services for functioning in market condition, which inevitably entails reforms in the sphere of housing and communal services. The Master thesis is to estimate consequences of possible reforms and their influence on distribution of welfare of the population and the budget. For this results of national survey of households “NOBUS”, which was conducted in 2003 are used. The work will describe the legislation concerning this topic to define privileges and preferential groups existing in Russia. Then possible reforms will be simulated with use of microsimulation approach in order to determine impact on welfare of different social groups and the budget.

#### **Dzhioeva Albina**

**Title:** **Illegal Money**  
**Project:** Imperfect Information and Bounded Rationality with Applications to Macroeconomic Dynamics  
**Supervisor:** Alexei Deviatov  
**Abstract:** While paper money is believed to be the most used means of payment, there is a widespread view that much of the demand for cash is not associated with legal transactions. Some studies (e.g. Rogoff, 1998) indicate that most of the demand for currency comes from an underground economy because cash helps to keep anonymity of transacting parties as well as the nature of transactions. In that regard, some intergovernmental bodies such as FATF recommend to shrink the supply of cash and to promote development of financial system in order to force economic entities to transact using the inside money because banks are much more transparent. The argument has been formalized in Camera (2001), where he presents a version of a matching model of money consistent with FATF recommendations. However, Camera rules out a possibility that the underground economy, squeezed into a drastic liquidity shortage, may end up having its own (perhaps, commodity) money in circulation. Here we build a model, which accounts for such a possibility. We show that restricting cash balances works up to some point beyond which the underground economy switches to its own “illegal money”. That finding seems important because it shows that contrary to what many people would think, a mere financial repression is insufficient to combat the underground activity.

#### **Evdokimov Kirill**

**Title:** **Should Government Rely on Small Business in Transition and Developing Economies?**  
**Project:** Globalization and Economic Growth in Developing and Transition Economies: Institutional Aspects  
**Supervisors:** Victor Polterovich, Vladimir Popov  
**Abstract:** Small firms frequently face relatively more obstacles and spend relatively more resources to overcome hindrances than larger firms. Therefore, efficiency of small business in transition and developing economies is quite a moot point. The purpose of the paper is to study an economy, where firm size is negatively correlated with the share of output the firm spends on overcoming different impediments, and to study the influence of such an institutional failure on economic growth. Findings of M. Schiffer and B. Weder (2001) “Firm Size and The Business Environment: Worldwide Survey Results,” based on World

Bank survey prove that institutions of transition and developing put small firms at a disadvantage in comparison with larger firms. Financial and legal constraints as well as corruption create much larger burden for the smaller firms. A model was built to examine this institutional failure. It was found, that on some stages of development additional pressure on small firms may be more beneficial for economic growth than the plain field situation, when all firms are in equal conditions independently of their size. Underdeveloped institutions cause government to rely more on large firms rather than on small business as on an engine of growth. This means that public policy should not impede the process of enlargement of firms at least for the poor economies. A spring of business in transition and developing economies is also considered in the model. It was shown, that in some cases poor countries should create barriers to prevent formation of inefficiently large number of small firms. However, the institutional failure discussed does not allow this situation to happen and hence is somehow beneficial. It is planned to study the influence of imperfect capital market on economic growth in the framework of the model. An attempt will be made to use the World Bank BEEPS survey and the World Bank Development Indicators and to find some empirical evidences supporting the main theoretical results.

#### **Alexey Zabotkin**

**Title:** **What Drives the Primary Corporate Bond Market in Russia**

**Project:** Financial Policy of Russian Companies

**Supervisor:** Gorjaev Alexey

**Abstract:** One of the more spectacular developments in the Russian economy over the last few years was a rapid expansion of the private sector's borrowing activity, both in domestic and international capital markets. In particular, in the past three years publicly traded corporate debentures—Eurobonds and local currency bonds—developed from a tiny market segment into a vibrant asset class with active primary and secondary markets. In this paper we identify factors affecting the primary market's activity, in particular, in the domestic bond market, review patterns in the issuers' response to changes in macro conditions, and explore the determinants of an issuer's choice between domestic bond and Eurobond issuance.

#### **Zaidullin Marat**

**Title:** **Market Reaction to Dividend Policy of Russian Companies**

**Project:** Financial Policy of Russian Companies

**Supervisor:** Gorjaev Alexey

**Abstract:** The paper investigates the behavior of prices and trade volumes of most liquid Russian stocks around two types of events: ex-dividend days and dividends announcements by the boards of directors. We use the data on 47 stocks traded at MICEX for the period from 1999 to 2004. In the first part we use the event-study methodology to test two main hypotheses. The first is that the magnitude of the price drop on the ex-day depends on the size of tax-adjusted dividends. We suggest that dividends should be discounted because of the Russian practice of delaying the payment of dividends up to 6 months. The other one is that the trade volume grows significantly around the ex-days due to the activity of short-term traders aimed at capturing dividends. In the second part we test the hypothesis that the change in the dividend yield is positively related to the change in price after the announcement of dividends. The specific of Russian market is that shareholders often do not know the size of the dividend before the ex-day. Therefore, we investigate the difference in market reaction between two types of events: when the ex-day was after the corresponding announcement and when it was before the announcement.

#### **Zilberman Roman**

**Title:** **Russian ruble equilibrium exchange rate evaluation**

**Project:** Capital Flows in Transition

**Supervisors:** Kirill Sosunov, Oleg Zamulin

**Abstract:** During the last decades the world economy faced the phenomenon of increasing role of international trade and financial markets globalization. The negative consequence is a battery of financial crises in emergent economies. Russian financial system suffered a severe financial crisis in 1998. It is commonly believed that this crisis led to a substantial overshooting effect of deviation of Russian ruble real exchange rate from its equilibrium. The problem led to a discussion over equilibrium exchange rate evaluation. The paper examines different approaches to evaluation and modeling of the real exchange rate. Main

factors influencing real exchange rate in Russia are examined. On the basis of obtained interdependence equilibrium exchange rate is estimated and compared with the existing exchange rate.

**Karasyov Grigoriy**

**Title:** Estimation of Oil-and-Gas Rent in Russia

**Project:** Natural Resources Potential and Russian Economy Development

**Supervisors:** Eismont Oleg, Chernavsky Sergey

**Abstract:** Recently, the problem of oil-gas rent in Russia was paid much attention by economists and state authorities. According to recent findings, rough estimates of oil-gas rent range from \$2-3 billion to \$70 billion which means that these results are unreliable. The main source of such dispersion in results is that these estimates are based on a wide range of assumptions of a normative kind. The goal of this work is to provide estimates of oil-gas rent based on econometric estimation of aggregate production function for the Russian economy. The main result is that oil-gas rent in Russia equals 20% of the total GDP or approximately \$72 billion of the GDP in 2002 or \$88 billion of the GDP in 2003.

**Korotkov Alexander**

**Title:** Endogenous Structure of The News Markets

**Project:** Topics in Microeconomics: experts, intermediaries, communication

**Supervisor:** Anton Suvorov

**Abstract:** The paper examines different structures of the media markets under the assumptions of the agents' rationality and the heterogeneity of political preferences of media outlets. The aim of the paper is to study the impact of the endogenously arising news market structure on the political outcomes and social welfare. The approach follows and extends that of Anderson & McLaren [2004]. In particular, the news acquisition process by media outlets is endogenized. The arising monopoly and duopoly structures are compared from the social welfare viewpoint.

**Lobanov Sergey**

**Title:** Microsimulational Analysis of Monetization of Natural Benefits in Russia

**Project:** Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models

**Supervisors:** Ksenia Yudaeva, Natalia Volchkova

The Master Thesis as compared to the term paper uses the considerably improved sample. First of all, the methodology of sample aging from the moment of survey to the moment of the reform is more accurate. Second, the part of the sample with the missing medicine subsidies is synthesized. Finally, the substitution effect is taken into account to derive more precise results of the reform. This was undertaken to test the hypothesis that the reform has decreased the inequality in various social groups. Moreover the improvement of the sample allows to identify more precisely social groups, in which the level of poverty has increased after the reform. It is also planned to perform the case study of households that were adversely affected by the reform to determine the reasons for that. The new sample will also be used to model some measures which could be taken to compensate the negative effects of the reform. The main hypothesis is that targeted subsidies that follow simple schemes will be considerably less costly than the current measures taken by the federal and regional government. The partial sample synthesis relies on the Heckman model for the benefits for medicine purchase, which is used to bootstrap the observations which do not contain that variable. The effects of substitution are modeled in the LES framework.

**Lychagin Sergey**

**Title:** On the Efficiency of Lobbying in the Russian Parliament

**Project:** Who Holds Power in the Russian Parliament?

**Supervisor:** Andrey Bremzen

This work studies the regimes of interaction between special interest groups and legislators. In all of these regimes a lobbyist has to spend some amount of money for the support of the proposal he is interested in. Depending on the legislators' ideological preferences, which may change in time, the sizes of factions and the mode of bargaining with the lobbyist, the total optimal amount of contributions to legislators may be different.

The estimation of ideological parameters was carried out with the use of Markov Chain Monte-Carlo method (Clinton, Jackman, Rivers, 2004), applied to a spatial Euclidean model of voting. The database "INDEM-Statistika" provided the voting records necessary for estimation.

**Lyubimov Alexey**

**Title:** **Organization of Bilateral Contracts in Electricity Markets under System Constraints**

**Project:** Natural Resources Potential and Russian Economy Development

**Supervisors:** Oleg Eismont, Sergey Chernavsky

The initial phase of electro energetic reform in Russia was development of competitive wholesale electricity market. In contrast to regulated sector with government set tariffs the electricity price in competitive market is determined by supply and demand equilibrium. As regulated sector is transformed to a system of bilateral contracts the significance of bilateral contracts as instruments of long run production and consumption plans and electricity spot prices hedging considerably increases. Since there are about 6000 price nodes in Russian electricity system, generator and consumer prices can differ significantly. So the prices uncertainty for both agents is unavoidable. This paper analyses the main stages of competitive market development. Main legislative problems associated with bilateral contracts are investigated. This paper suggests a mechanism of contract price creation that allows minimizing the uncertainty of agent's payoffs. Conditions under which bilateral contract payoffs are less volatile than spot price payoffs are derived.

**Mavlikhanov Ruslan**

**Title:** **Electricity Market Auction Models under Stochastic Demand Function**

**Project:** Mathematical Models of Electricity Markets

**Supervisor:** Alexander Vasin

There exist several models of auctions under fixed demand. But actually electricity demand function is not quite deterministic, so it seems rather interesting to look at the Nash equilibrium in the case of stochastic demand. First the problem of supply function equilibrium under uncertainty was set and solved by Klemperer and Meyer in "Supply Function Equilibria in Oligopoly under Uncertainty". They showed that the equilibrium exists only when demand is very volatile. My term paper considered the case of symmetric duopoly with two-step supply functions and two possible demand levels. It was shown that under some special conditions there exists a unique Nash equilibrium corresponding to the Cournot outcome for each demand level. In the master thesis I propose to examine the symmetric case of three suppliers and three possible demand levels and the case with two suppliers and more than two possible demands, and to study Nash equilibria of the auction.

**Oreshkin Eugeny**

**Title:** **Estimation of Distributional Consequences of Social Tax Reform**

**Project:** Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models

**Supervisors:** Ksenia Yudaeva, Natalia Volchkova

The aim of this research is to investigate the distributional influence of social tax reform on households. As a main tool research utilizes microsimulation model, based on 12th round of Russian Longitudinal Monitoring Survey (RLMS). In the term paper f households' living standards was constricted. In master thesis the research will be finished by carrying out of two simulations with and without the results of Computable General Equilibrium Model (CGE). The main hypothesis, formulated in research, is that the reduction of social rate is favorable mainly for the poorest part of population.

**Osadchiy Maxim**

**Title:** **Dynamic Equilibrium at Durable Good Market**

**Project:** Empirical Auctions

**Supervisor:** Grigoriy Kosenok

A model of partial equilibrium in a durable good market is examined in framework of continuous time, complete information, perfect foresight, and perfectly divisible good. Dynamics and stationary states of competitive and monopoly markets are studied. Dynamic and static generalizations of the classic results of theory of durable good markets as Wicksell's formula and Swan theorem are derived. Unlike the existing research which only deals with stationary values of a durability parameter, the present work investigates

dynamics of this parameter. In great detail radioactive and one-hoss shay decays are studied. An importance of durability control for the economy is shown.

**Popov Sergey**

**Title:** **Market Microstructure Break: Capturing the Parallel Process Effects**

**Project:** Econometrics of Financial Markets

**Supervisor:** Stanislav Anatolyev

Ultra-high frequency analysis of financial data displays considerable importance when questions of market micro-structure are studied. Methods of joint modeling of financial ultra-high frequency time series can explain the difference in the internal structure of data-generating processes in studied time series. Duration modeling is extremely important in high-frequency analysis as long as durations are best capturers of the intensity. Increased intensity of trade implies higher stock-jobbing, which in turn implies higher volatility. Joint modeling of durations can give an insight about the mutual relation of two stocks, whether they are “substitute” or “complementary” assets. Assuming constant market microstructure, we are able to estimate the parameters of two or more parallel duration processes. This paper focuses on more important question, estimating the effect of market microstructure break on the parallel processes. For example, what will happen with trade intensity on the market of one oil company if tax service sues another oil company? Is it reasonable for holders of shares of another oil company to exchange all their shares for something else right away? These questions are answered in terms of trade intensity. The usual method of estimating the fact of market microstructure break is to estimate the parameters before and after the event time, and then compare the estimates using Wald test or something equivalent. The paper offers the estimation based on the exponential accommodation to the new conditions, which helps to identify the significance of a break and, possibly, help to understand the economic consequences for the asset that experienced the break and the parallel asset (usually, proxy for the industry or market).

**Ramazanov Yerlan**

**Title:** Estimation of Domestic and Foreign Investments Efficiency in Fixed Assets in Russia and Kazakhstan

**Projects:** “Knowledge Economy Market in Russia Natural Resources Potential” and “Russian Economy Development”

**Supervisors:** Valery Makarov, Oleg Eismont, Sergey Chernavsky

During the recent years Russian and Kazakh economies enjoy high growth rates, which are mainly due to factorable raw materials markets conjuncture. However, as it is known, in the long run developing manufacture industries can faster economic growth. At the present moment in countries the production facilities require modernization and applying the latest technological achievements to improve the competitiveness of our goods at the world markets. In master thesis, the efficiency of imported machinery & equipment is estimated. It is shown that machinery and equipment import depends on the real exchange rate of National currency. Thus, provided high efficiency of equipment imports, policy of weak national currency can be inefficient from economic point of view.

**Rtishchev Sergei**

**Title:** **Analysis of Relations of Deposit Rates and Banks' Records.**

**Project:** Trend of the Banking Sector in Russia IV

**Supervisors:** Alexander Karminsky, Anatoly Peresetsky

Adequate deposit ratio in bank's sum of passive accounts increases its risk diversification. Russian banks have more attended to individual deposits attraction lately. Therefore, amount of deposits has increased significantly. The purpose of research is to carry out econometric analysis of impact of key financial indicators and macroeconomic factors on the structure of fixed-deposit rates. The following key indicators were found out in the research: size, financial leverage, ratios of credits to economy and non-government securities in sum of passive accounts, and profitability of bank. Such macroeconomic variables as inflation and average announced rates of gaining credits at the interbank market were important. Also comparison of financial indicator impact direction on deposit rates and bank's rating was included in master thesis. In the main, all parameters increasing rating reduce deposit rates. The only factor that influences in opposite direction is ratio of credits to economy in sum of passive accounts. The analyzed data consist of two deposit-rate data sets for 26 banks in 2004 year and for 830 banks from January 2002 to April 2004. The data from Central Bank of Russia and from web-servers of informational and rating agencies also are used.



**Rumyantsev Alexander****Title:** Strategic Information Transmission and Gathering**Project:** Topics in Microeconomics: Experts, Intermediaries, Communication**Supervisor:** Anton Suvorov

Two different models of strategic information transmission and gathering are presented in the Master's paper. In the first part of the paper the interaction between an informed partisan expert and an uninformed decision maker is examined. It is well known that the preference divergence between the parties considerably reduces the information transmitted (Crawford and Sobel (1982)). This paper introduces the opportunity for a receiver to obtain some noisy information by her own in addition to listening to the sender's statement via cheap talk. It turns out that the availability of receiver's private information may give a rise to two opposite effects. Up to some threshold level, receiver's investigation leads to the more accurate information conveyed by the sender. On the other hand, if the receiver chooses to be informed beyond the certain level, her own information completely crowds out the information transmitted by the sender and the informative communication becomes impossible. Section two of the paper advances the approach to communication as a moral hazard in teams problem introduced by Dewatripont and Tirole (2004). Several surveys in psychology emphasize that both receiver's limited absorptive capacity and sender's inability to clarify the argument raise substantial difficulties to effective communication. The problem is critical to the design of organizations where in order to implement the project the superior manager has to acquire all necessary information from her subordinates under strict time constraints and misalignment of interests. This paper addresses the issue of optimal communication structure in the setup with one manager and two self-interested agents.

**Salikov Timur****Title:** Modeling of Ratings of Moody's International Rating Agency.**Project:** Trend of the Banking Sector in Russia IV**Supervisors:** Alexander Karminsky, Anatoly Peresetsky

In this paper the possibility of modeling the ratings of one of the three most famous international rating agencies Moody's is examined. In particular, banks from Russia, Eastern and Western Europe with Moody's ratings are considered. Several econometric models of ratings are developed basing on bank's publicly available financial indicators. Dynamical stability of models is shown. On the basis of models some insights were made on the way the agency estimate the rating of a bank. It is demonstrated that Moody's treats banks from Russia and New Europe in the same way. Banks with high level of profit are considered to be riskier and hence receive lower ratings. Also an attempt was made to develop a model of rating changes. It is shown that the probability of rating change is higher for banks with low ratings. In addition, the forecasting power of models was evaluated.

**Staroverov Mikhail****Title:** Optimal Fiscal and Monetary policy under Sticky Prices**Project:** Capital Flows in Transition**Supervisors:** Kirill Sosunov, Oleg Zamulin

Sticky prices are broadly considered in macroeconomic literature. Many problems concerning influence of sticky prices on economy are of particular interest. Such problems as optimal fiscal and monetary policy, macroeconomic equilibrium, and trade-off between output and inflation in sticky prices environment are relevant.

A model of optimal fiscal and monetary policy choice under sticky prices is analyzed in the paper. In particular, setting of prices in advance is considered. Also an analysis of different sticky price modeling is carried out in the context of the papers:

- G. A. Calvo "Staggered prices in a utility-maximizing framework"
- Laurence Ball, N.G. Mankiw, D. Romer "The New Keynesian Economics and the Output-Inflation Trade-off"
- S. Schmit-Grohe "Optimal Fiscal and Monetary Policy Under Sticky Prices"

**Stetsenko Pavel****Title:** Evolution of Violent Entrepreneurship in Russia

**Project:** Topics in Microeconomics

**Supervisor:** Sergei Guriev

In those countries where government is too weak and inefficient agents are unable to sign contracts, which leads to significant losses of economic welfare. Typically there will emerge economic agents who try to take over these functions of government and protect rights of contracts. Agents of “enfo” type are able to use force and violence; while “info” agents only collect information on the history of contract fulfillments thus providing an efficient reputation mechanism. The main concern is how much of welfare these agents extract as a payment for their services.

**Stolbov Yuriy**

**Title:** Financial Industrial Groups

**Project:** Empirical Auctions

**Supervisor:** Grigoriy Kosenok

It is widely acknowledged that financial industrial groups (FIG) could contribute to acceleration Russian economy growth. The paper investigates the impact of FIG on production volume, credit and profit performances of the participants of a group. Moreover, it is shown that the higher interest rate may stimulate FIG formation process. At the same time FIG activity is no more mutually beneficial under the lower interest rate. Besides, the higher the bank share of firms the less manager incentives are. It creates additional obstacles for FIG formation. Due to this fact an attempt was made to define the optimal ownership structure.

**Tarasenko Aleksandr**

**Title:** Bank's demand for Excess Reserves

**Project:** Capital Flows in Transition.

**Supervisors:** Kirill Sosunov, Oleg Zamulin.

Russian commercial banks hold about 10-14% of its assets in excess reserves (in developed countries the level does not exceed 1-2%) which probably exceeds the level required in order that do not have problems with liquidity. It also seems plausible that uncertainty concerning deposits accounts and uncertainty about the repayment of loans hardly explain these figures. Therefore in this paper another reasons will be examined which may support such a high level of excess reserves, for example, the level of trust in the interbank market. For that reason a model having the key features of the Russian banking system is constructed and calibrated.

**Tulatov Dzambolat**

**Title:** Cournot Equilibrium in Three-Node Market Auctions

**Project:** Mathematical Models of Electricity Markets

**Supervisor:** Alexander Vasin

In this work up to three-node market auctions of homogeneous good are examined. There are fixed losses on the transportation of one unit the good between any two nodes. We study Cournot competition for this model. The problem of existence, uniqueness, and calculation of Nash equilibria are taken into consideration. We compare the prices and the social welfare for different Cournot equilibria and the Walrasian equilibrium. The possibility of generalization of the results for the case with four and more nodes is examined.

**Eugeny Firsov**

**Title:** Charity as Commercial Undertaking

**Project:** Economics of Non-profit Organizations

**Supervisor:** Leonid Polishchuk

Milton Friedman argues that “the social responsibility of business” increases inefficiency in the economy. The author suggests that the only and the best goal that modern corporations should pursue is the maximization of their profits.

Can Friedman's claim be considered convincing? Is there any contradiction between two directions of firm's activity: charity and optimization of profits? In this paper it is supposed to investigate these issues. Firstly, the firm can play a very important role in the market failure elimination: due to the economy of scale it can solve the problem of coordination among the economic agents striving to control the NPO operations. Secondly, charity can in fact increase the profits of the firm, especially if it possesses market power. Thirdly, the large corporation participation in philanthropy can be a receipt

for the overcoming of the Andreoni problem concerning the initial contribution accumulation. Finally, in the long run the involvement of the market players in charity activity can result in the substantial reconstruction of the market structure. It can be the fact that the monopolistic competition is one of the natural results of such a process.

**Pavel Fomin**

**Title:** **Centralization: Information Revelation Aspects**  
**Project:** Topics in Microeconomics: Experts, Intermediaries, Communication  
**Supervisor:** Anton Suvorov

One of the main aspects of recent reforms in Russia is the abolition of direct elections of regional governors. So, the problem of centralization of political power emerges. This work investigates informational aspects of the interaction between executive authority and voters under the centralized political system, in which governors are directly appointed by the president. Transition to the centralized system leads to redistribution of responsibility for the quality of governors from voters to the central power. It may create incentives to the president not to reveal information about governors' real performance. If federal authorities are able to enhance information acquisition through costly effort, the reform can lower incentives for such monitoring.

**Khorev Konstantin**

**Title:** **Fiscal Policy in a Small Resourced-Based Open Economy**  
**Project:** Capital Flows in Transition  
**Supervisors:** Kirill Sosunov, Oleg Zamulin

In this work different aspects of fiscal policy in small resourced-based open economy are studied. The central question is the analysis of Stabilization Fund functions. We demonstrate that besides smoothing government expenditures Stabilization Fund may serve as a remedy against "Dutch disease". While studying the possibility to use Stabilization Fund to smooth government expenditures we also find so called "cut oil price".

**Tcheremukhin Anton**

**Title:** **An Economic Model of the Real Exchange Rate of the Ruble**  
**Project:** Capital Flows in Transition  
**Supervisors:** Kirill Sosunov, Oleg Zamulin

This paper aims at building a model of the real exchange rate, with an intuitive economic explanation and giving a good description of what was going on in Russia during the period from 1994 to 2004. The paper describes several theoretical models, appropriate for explaining the dynamics of the real exchange rate of the ruble. The models are calibrated on Russian data and have the power to explain the dynamics of the real exchange rate, import and inflation. Along with clear economic intuition the model passes the sensitivity analysis and allows forecasting the dynamics of the variables depending on the Central Bank's actions.

**Churbanov Ruslan**

**Title:** **Analysis of Prospects of Gas Industry Reform in Russia**  
**Project:** Natural Resources Potential and Russian Economy Development  
**Supervisors:** Oleg Eismont, Sergey Chernavsky

Today gas industry in Russia is one of the least liberalised. From the one hand a significant part of the problems in the industry is the result of its historical path. From the other hand a lot of problems come from the mutual allocation of major gas fields and consumers. One of the most discussed methods of reforming gas industry is a gradual introduction of a free gas market. It is supposed that this market will coexist together with the regulated sector, where Gazprom sets the limits of consumption and the government sets prices for different groups of consumers. This paper analyzes the proposed structure of the free market with the help of mathematical model in terms of social welfare. Short-term and long-term marginal costs of Gazprom and independent producers were estimated. The estimates of impact of the following parameters of the market were also achieved: the production share of independent gas producers in the free market and the share of Gazprom production sold in the free market. The conducted analyses showed that the Gazprom share in the free market should be limited for maximizing the social welfare.

**Shamsutdinova Diana**

**Title:** **Cleavages in the Russian Duma and in the Society: Are They Similar?**

**Project:** Who holds power in the Russian Parliament?

**Supervisor:** Andrei Bremzen

The Russian Duma is an elective body and it can be expected that any party in the Duma should reflect interests of the society that elects it. Obviously, there are reasons for the opposite standpoint. This work attempts to compare different social groups' interests and those which are supported by the political parties in the Duma. The latent factors, that underlie deputies' lawmaking behavior, were recognized in [1] with the help of linear multifactor analysis, while in [2] inducements of the Russian voters in the 1993 Duma election were examined. The work focuses on determining main vectors of interest conflicts of the society during the third and the forth convocations of the Russian Duma and on comparing the political maps of the Russian society and the Duma.

Obtained results show that even though the cleavages in the Duma and in the society are in general similar, an individual choice is mostly affected by the image of a party, which is often can be inconsistent with its actual political goals.

The research is based on data of "INDEM –Statistica 2", results of the Duma elections published by the Central Election Committee, and polls held by Public opinion foundation and All-Russian public opinion research centre.

**Sheinzon Ilya**

**Title:** **The Equilibrium Current Account: Can Precautionary Saving Motive Outweigh the High Returns to Capital in Russia?**

**Project:** Capital Flows in Transition

**Supervisors:** Kirill Sosunov, Oleg Zamulin

Economic theory suggests at least two fundamental reasons for the flow of capital in and out of Russia: consumption smoothing and investment. Being a resource-based economy, our country receives large cash transfers from the rest of the world in exchange for its exports of oil and natural resources which prices are highly volatile. For the first reason, we should expect capital outflow since the Russian economy should smooth consumption (and even can engage in precautionary savings, consuming less than in case of certainty equivalence), and tie up capital in foreign risk-free assets, in response to increased income uncertainty in order to prevent large drops in consumption in the future. At the same time, due to the high returns to capital, which is fraught with serious risks, capital should be flowing in. In the master's paper the model of a small open economy is built, and we can compare the relative influence of consumption smoothing versus returns to capital on the current account and find the equilibrium investment and capital in Russia. The model is calibrated with the Central Bank and Goskomstat Data.

**Shibanov Oleg**

**Title:** **WTO and trade Unions: Theory and Empirics**

**Project:** Globalization and Economic Growth in Developing and Transition Economies: Institutional Aspects

**Supervisors:** Victor Polterovich, Vladimir Popov

Problems of Trade Unions and WTO relations were considered in many papers. In the number of theoretical models it has been shown that Preferential Trade Agreements have positive impact on world welfare. However, this result strongly depends on the assumption of competitive production industries. Saggi in the paper "Tariffs and The Most Favored Nation Clause" has clarified that in the model with monopoly producer in each country and tariff schedule, Most Favored Nation clause improves world welfare but does not Pareto dominate the discriminative tariff schedule. I introduce in this framework a possibility to form Preferential Trade Agreements of three types: Free Trade Agreement (FTA), Custom Union (CU) and union with optimal inner tariffs (OITU). At the same time, Most Favored Nation clause can be proposed by any country to all its trade partners. It is shown in my master thesis that the best policy for the world economy is to create a trade union with optimal tariffs and then to join WTO, whenever FTA is better than CU. Moreover, any country is better off when shifts from CU to FTA and from FTA to OITU.

**Shishkin Alexey**

**Title:** **Comparative Analysis of Borrowers' Classification Methods. Scoring Models for Consumer Credits in Russia.**

**Project:** Trend of the Banking Sector in Russia IV

**Supervisors:** Alexander Karminsky, Anatoly Peresetsky

The rapid growth of consumer crediting in Russia is explained by the increase in well-being of Russians and the development of Russian banking system. Increasing demand for credits and the competition on the market enforces banks to automate the systems of credit providing. The boom of consumer credits in the USA and in Europe came to the end ten-fifteen years ago. And the scoring models that help a bank to make a decision concerning a credit have already been developed and are applied in practice. In Russia only a few banks use such models. Most of the banks still prefer judgmental or subjective ways of granting credits. The paper describes the main credit scoring methods. Despite there are a lot of such methods theoretically, only a few of them are used in practice. In the paper it was made an attempt to compare some of the methods, using the data set provided by a large bank – one of the leaders on the consumer credit market of Russia. The scoring models were constructed, based on the discriminant analysis and the probit model. The models were compared via simulations in such a way that models built on training sets were repeatedly applied to retaining samples. Despite the problems of the data set, some interesting results were found. In particular, use of scoring models helps to reduce the probability of default risk for some credit types more than fivefold.

**Shmonov Mikhail**

**Title:** Taxation of Non-Profit Organizations

**Project:** Economics of Non-profit Organizations

**Supervisor:** Leonid Polishchuk

Taxation of the organizations of the voluntary sector, which is represented in Russia by a wide variety of juridical forms, has recently become a point at issue for economists. This paper, includes examination and analysis of different problems associated with taxation of NPOs in Russia. Principles of economic justice in favor of existence of special tax regime for non-profit organizations, description of how these principles are implemented in the world practice and analysis of current situation in Russia, enriched by introduction of several ways of tax optimization using tax privileges for NPOs, are presented in the volume. The model of behaviour of NGOs, considering multiple equilibria, brings about several qualitative conclusions. The most significant of those, establishes, that reforming of the tax legislation is not sufficient to resolve the variety of existing problems due to taxation of NPOs. It proves that effective problem solution should employ additional instruments of influence on the economy.

## ***Appendix 4: Summary of Research Projects, 2004-2005***

### **1. Econometrics of Financial Markets: nonparametric methods**

Leader: Stanislav Anatolyev (NES)

Assistant: Andrey Shabalin (CEFIR, NES)

The project is devoted to developing and verifying tools for time series estimation and testing pertaining to financial data.

First, we show that many existing tests for time-series predictability are special cases of a general nonparametric test based on the OLS estimator of the slope coefficient in a bivariate linear regression of certain type. By manipulating the features of this regression one can construct numerous new predictability tests. It turns out that some of the tests existing in the literature are asymptotically equivalent, and differ only by what kind of pivotization is applied to the core statistic. In addition, we show that the same tests may be constructed via reverse regressions. We also provide an extension to multiple null hypotheses and, respectively, tests based on multiple regressions, paying special attention to tests for independence in contingency tables. Among other things, we pay special attention to the issue of correct pivotization, discuss interpretation of regression-based tests, and argue against some widespread misconceptions.

Second, we develop and evaluate sequential testing tools for this class of nonparametric tests. We consider both the retrospective context where a researcher wants to track predictability over time in a historical sample, and the monitoring context where a researcher conducts testing as new observations arrive. Throughout, we elaborate on both two-sided and one-sided testing, with the emphasis put on the latter, allowing for several ways of collecting estimates. We focus on linear monitoring boundaries constructed to be continuations of horizontal lines corresponding to retrospective critical values. We illustrate our methodology by testing for directional and mean predictability of returns in a dozen of young stock markets in Eastern Europe.

Third, we investigate the trade-off between the model complexity and model performance using real financial data in order to determine what a reasonable compromise is, by analyzing the dependence of various model performance measures on the presence or absence of certain features in the model. The model features include simple mean components, volatility clustering, leverage effects, time-varying risk premia, heavy tails and skewness. The types of data we consider are individual stock prices, stock market indices, and exchange rates. We represent the results as panel regressions of performance measures on dummy variables representing model features. We also describe which models are most successful for various performance measures. Some of the results can be expected, but some are quite surprising.

### **2. Who holds power in Russian parliament?**

Leader: Andrei Bremzen (NES)

Consultants: Andrei Kunov, Dmitry Shakin (IOE)

Assistant: Georgy Egorov (CEFIR)

This project is devoted to analyzing the distribution of powers in a parliament, particularly in the Russian Duma. The project involves both theoretical and empirical parts.

The principal dataset is results of all roll call votings in the Duma in 1993-2003 (generously provided by INDEM-Statistika).

On the theoretical dimension a model is build and analyzed which deals with interactions of executive power (i.e., the President) and the parliament. It is shown that veto power alone is not sufficient to extract rents from parliament members while being directly represented in the parliament increases the power of the executive.

The issue of latent lobbying costs is studied empirically. Parliament sessions are ordered in terms of difficulty of lobbying.

Cleavages in the Duma are compared to those in the society in general, based on polls. Parties are identified that, when elected to the parliament, take positions consistent with their electorate expectations, as well as parties that take positions substantially different from what their electorate expectations.

### 3. Financial Policy of Russian Companies

Leader: Alexei Goriaev (NES)

Assistant: Sergei Prikhodko (NES)

The goal of this project was to analyze the financial policy of Russian corporations during the period after the 1998 crisis, with focus on factors explaining the choices made by the companies and subsequent reaction of the stock market. The research was carried out in two directions: the dividend policy and debt financing policy. The main results of the project can be summarized as follows.

(1) The dynamics of the total placement volume of domestic corporate bonds is well described by the ARIMA(0,1,1) model with several additional regressors, most notably the lagged term spread (the difference between one-year and one-month interest rates). This implies that the issuers' behavior is largely driven by their expectations concerning the interest rates and desire to 'time the market'. The market timing hypothesis is supported by the micro level data: the lag between the issue registration date and the actual issuance date strongly depends on the current and expected market environment characteristics. Finally, the companies' choice between issuing domestic bonds and Eurobonds is driven by a number of issue-specific factors (e.g., size and tenor).

(2) The market reaction to the dividend policy can be measured by the drop ratio, i.e. the ratio of dividend to the decline in price at the ex-dividend date. It is found that the drop ratio varies widely, especially in the case of low dividends and when the exact amount of dividends is unknown at the ex-dividend date. However, for blue chips the drop ratio is close to one and is within the no-arbitrage bounds corrected for taxes. The significant increase in trading volume during 3-4 hours around the ex-dividend date signals the activity of short-term traders. Another way to analyze the market reaction is to study companies' stock returns at the dividend announcement dates. It is shown that 1% increase in dividends is associated with 0.16% increase in stock price. The differences in market reaction to different types of companies and dividend events do not appear significant, which can be due to the insufficient number of observations that are concentrated during the last 2 years.

### 4. Topics in Microeconomics

Leader: Sergei Guriev (NES)

In this project, we have studied a number of issues related to economics of corruption and misgovernance. First, we have studied empirically the impact of top- and bottom-level corruption on economic performance at country and firm level. While there is a growing theoretical literature that emphasizes the differences between corruption at various levels of bureaucratic hierarchy, the empirical work has been lagging behind.

We have used BEEPS 1999 and 2002 data – the only dataset where one can distinguish top- vs bottom-level corruption. In order to mitigate the obvious endogeneity problems we use firm-level instruments. Even though top- and bottom-level corruption are highly correlated, and the dataset has serious limitations we do find that top- and bottom-level corruption have different effects on economic activity. The bottom-level corruption slows down growth at the firm level, while the effect of top-level corruption is not significant.

We have also pursued two theoretical projects. We have considered a general equilibrium model with corruption and collective reputation. We allow for occupational choice between public and private sector, and the government's rational choice of the size of public sector and endogenous wages in the public and private sectors. The main thrust of the model (like in Acemoglu and Verdier, 2000) is the tradeoff between market failure and corruption. We have found the existence of multiple equilibria and complex dynamics in such an economy. Interestingly, the level of economic development may have a non-monotonic effect on the equilibrium selection. If the economy is "too poor" (low capital stock and therefore low labor productivity), the government cannot collect taxes to fund an effective public sector; the government prefers to deregulate rather than to maintain corruption. If the country is very rich, then government again prefers to keep the public sector low as diverting productive resources from the private sector is too costly.

The other theoretical model considers bilateral trade in a "lawless" economy where contracts are enforced by rational enforcement individuals. The latter invest in "enforcement capital" and maximize profits. In this project we study the effect of industrial organization of the enforcement industry and show that the competition between enforcement intermediaries may have a non-monotonic effect on the social welfare, as competing enforcers have weaker incentives to invest in enforcement capital and therefore overall protection of contracts deteriorates.

## **5. Income Distribution, Mobility and the Labor Market**

Leader: Irina Denisova (CEFIR, NES)

Consultant: Oded Stark (Bonn)

Assistant: Marina Kartseva (CEFIR)

Widespread poverty – either measured in the narrow sense of low income or understood in broader terms of multi-dimensional well-being – is a recognized problem in Russia. Recent economic growth, if made beneficial to the poor, could provide an effective mean of poverty alleviation. It is accepted by most economists that economic growth tends to reduce poverty, at least in absolute terms, by lifting the entire distribution and hence leaving smaller fraction of population below certain fixed level of income. Relative poverty is not necessarily lowered by economic growth, however.

Another important feature of economic development worth mentioning is the increased wage inequality. The phenomenon is observed in the labor markets of many countries, with wages of less skilled workers growing more slowly than average wages in the economy, initiated numerous studies. It is believed by the majority of scholars that the innate reason explaining the observed wage dispersion is the skill-biased nature of technological progress. Trade liberalization and changes in organizational structure of the economy, which accompanied technological progress in recent years, are believed to strengthen the effect.

The main idea of the project is to study effects of economic growth on household welfare, and hence poverty, via its influence on labor market, and changes in employment and wage patterns in particular.

In the project, first, we aim to study the determinants of the poverty on the regional level using NOBUS database, which is both nationally and regionally representative for 46 out of 89 Russia's regions. The study attempts to find out if there heterogeneity among regions exists or all the regions could be treated as one representative region. It is worth noting that answering this particular question is very important for design of different welfare programs. We calculate a number of poverty measures for each region and decompose them according to influence of different factors reflecting characteristics of the households. Tobit/probit econometric models are used. It was observed that all the regions have different determinants of the poverty. It is worth noting that the determinants may affect the probability of being poor in opposite directions in different regions. However, there are some factors which influence on the probability of being poor is unique for all regions.

Secondly, we empirically investigate income inequality among households in the regions using NOBUS database. In the study we use decomposition and quantile regression analysis. We show intraregional component of inequality is much higher than interregional component for all the regions. It possibly could be explained by government policies aimed to reduce inequality among regions. Using quantile regression analysis we carefully studied various factors affected income inequality in each of 46 regions. Results demonstrate that inequality is much less than in rural areas.

## **6. Banking sector in Russia IV**

Leaders: A. Peresetsky (NES, CEMI), A. Karminsky (MG TU, Gazprombank)

Consultant: B. Melenberg (Tilburg University, Netherlands)

Assistant: S. Golovan (NES)

The goal of the project was to analyze the development of the Russian banking system. First two topics were devoted to the analysis of the retail business of the Russian banks.

First paper discusses scoring models in consumer credits. Using the real data from one of the Russian banks, scoring models were constructed, based on the discriminant analysis and the probit model. Despite the problems of the data set, some interesting results were found. In particular, use of scoring models helps to reduce the probability of default risk for some credit types more than fivefold.

The purpose of second paper was to carry out econometric analysis of impact of key financial indicators and macroeconomic factors on the structure of fixed-deposit rates. The analyzed data consist of two deposit-rate data sets for 26 banks in 2004 year and for 830 banks from January 2002 to April 2004.

The following key indicators were found out in the research: size, financial leverage, ratios of credits to economy and non-government securities in sum of passive accounts, and profitability of bank. Such macroeconomic variables as inflation and average announced rates of gaining credits at the interbank market were important.



The purpose of the third paper was to estimate the technical efficiency of Russian banks in terms of loan and deposit activities. The general approach introduced in the working paper Caner et al. 2004 was used as a framework for the research. As it was estimated the overall efficiency level of the banking system has been gradually increasing during the period of 2Q2003 to 3Q2004 both in terms of loan and deposit efficiency.

In fourth paper the possibility of modeling the ratings of one of the three most famous international rating agencies Moody's is examined. In particular, banks from Russia, Eastern and Western Europe with Moody's ratings are considered. On the basis of models some insights were made on the way the agency estimate the rating of a bank. It is demonstrated that Moody's treats banks from Russia and New Europe in the same way. Banks with high level of profit are considered to be riskier and hence receive lower ratings.

## **7. Economics of non-profit organizations**

Leader: Leonid Polishchuk (Maryland University at College Park)

Assistant: Mikhail Karev (NES, HSE)

The purpose of the project was to review the main strands of theoretical and empirical research on economics of non-profit, discuss the main trends in the Russian third sector, assess the available empirical information, and conduct research on selected issues of economics of the Russian non-profits.

Two research papers prepared under the project dealt viz. with economic of corporate charity and taxation of NGOs.

The first of the above projects critically assessed the opinion expressed by Milton Friedman that corporate donations to charities violate shareholders' rights. It is shown in the paper that in fact such donations allow to fix a "market failure" whereby due to informational asymmetry households are reluctant to make contributions to charities that would have been made under sufficient assurances that charities are indeed effectively pursuing their stated goals. It is further shown that apart from serving a worthy social cause, charitable donations by corporations could increase the profits of the latter, and thus do not, contrary to Friedman's conjecture, necessarily contradict the interests of shareholders.

The second paper inquires into the opportunities to abuse tax privileges for NGOs for the purposes of tax evasion by commercial firms (such opportunities, alleged or real, are the main argument against granting such privileges to Russian NGOs). The paper summarizes in-depth interviews, case studies and other available materials to identify and analyze the main patterns of tax evasion in the NGO sector. A theoretical model developed in the paper points out to a coordination failure in NGO taxation, whereby a repressive tax regime forces NGOs to be broadly involved in "market activities", to use the proceeds to cross-subsidize the mandated activities. As such, NGOs become undistinguishable from commercial firms, and the latter could indeed mimic NGOs to obtain the tax benefits of the latter. As a policy recommendation, the paper suggests higher transparency standards for NGOs that would preclude the above described abuse of tax benefits.

## **8. Globalization and Economic Growth in Developing and Transition Economies: Institutional Aspects**

Leaders: Victor Polterovich (NES, CEMI), Vladimir Popov (NES, Carleton University, Canada)

Assistant: Alexander Tonis (NES)

This project is a continuation of our 2003-04 research project: this time we put greater emphasis on institutions rather than policies. We pursued the research in two directions: (1) how democratization affects and growth and (2) how economic growth helps to build stronger institutions. Here are preliminary results.

(1) Why economic performance of new democracies is not encouraging?

There are two innovations as compared to the previous literature on democratization and growth. First, not only the level of democracy is taken into account, but also changes in this level in the 1970s-1990s as measured by the political rights indices of the Freedom House. Second, the distinction is made between the rule of law and democracy, the rule of law being defined as the ability to ensure order based on legal rules; it is measured by the rule of law, investors' risk and corruption indices. It is found that democratization in countries with strong rule of law (liberal democracies) stimulates economic growth, whereas in countries

with poor rule of law (illiberal democracies) democratization undermines growth. In illiberal democracies institutions are weaker, shadow economy is larger and macroeconomic policy is less prudent.

## (2) How economic growth helps to build stronger institutions

A theoretical model of interaction between the honesty norms in the society and economic growth is proposed. The usual well-established and well researched connection is the positive influence of stronger institutions (lower corruption, greater honesty) on growth. We examine the reverse connection and demonstrate that higher economic growth, no matter how it is achieved, could produce stronger institutions (more honest and less corrupt behavior of economic agents).

## 9. Topics in Microeconomics (Experts, Intermediaries, Communication)

Leader: Anton Suvorov (NES)

Assistant: Akhmed Akhmedov (CEFIR)

The project was devoted to various issues in informational economics. Why the sender or the recipient should invest in communication? Are alternative sources of information beneficial for the recipients? Does the recipient of information always gain from the ability to make her own investigation? How competition affects the incentives of media firms to acquire information? How transparent is the executive power under centralized hierarchy? These questions were the topics of the three theoretical papers in this project.

The first paper consists of two parts. The first part deals with cheap talk and extends Crawford and Sobel (1982) model by allowing the recipient of information to conduct her own investigation. The paper analyzes equilibria with different order of moves. It is shown that the depth of recipient's investigation is non-decreasing in the parameter which determines the congruence of the players' interests. It is also shown that the recipient's ability to conduct her own investigation increases the expected aggregate welfare. Strategic effect arising due to the sender's uncertainty about information that the recipient has is also studied.

The second part, based on Dewatripont and Tirole (2004), studies bilateral moral hazard in communication. In particular, it analyzes how access to an alternative source of information affects the recipient's welfare. The answer is shown to depend crucially on strategic substitutability/complementarity of the parties' efforts.

The second paper considers the structure of mass media market in a framework where biased media communicate hard information to the public. In particular, the paper extends Anderson and McLaren (2004) by including fixed costs of entering market and explores the resulting market structure. It studies how the incentives of media outlets to enter the market depend on the congruence of their political preference with those of the voters. Welfare properties of different equilibria are studied.

The third paper is motivated by the abolishment of direct elections of regional governors in Russia and studies monitoring of appointed bottom-level bureaucrats (governors) by the elected top-level bureaucrat (the president). A signaling game is considered, in which voters update their beliefs about the quality of the president after observing the performance of the appointed governor. In this game the president chooses the level of transparency (i.e. probability that the public gets information about the governor). It is shown that more qualified presidents have higher incentives to keep transparency, but under certain parameters pooling equilibria also exist, where both competent and incompetent presidents set the same level of transparency (either low or high).

## 10. Network Markets for Homogeneous Goods

Leader: Alexander Vasin (MSU)

Consultants: Francisco Marhuenda (Universidad de Alicante), Polina Vasina

The main objects of this project are as follows. Construction of a game-theoretic model for the electricity market including vesting contracts under uncertain demand at the first stage and a network supply function auction at the second stage. Evaluation of market power of market agents depending on characteristics of the market, in particular, for the network electricity auction. Development of methods for analysis and computation of Nash equilibria. Obtaining recommendations on the market rules in order to reduce the market price and the loss of the social welfare.

The obtained results can be summarized as follows.

(1) We studied repeated Cournot auction and compared its subgame perfect equilibrium outcome with the Nash equilibrium outcome of the one-shot Cournot auction with the same participants. This research shows that the average price of the goods is lower and the total welfare is higher for the former outcome. However, the difference is inessential for a large number of producers (more than 10).

(2) We obtained a method of Cournot equilibrium computation for a linear network auction where all local markets are connected by one transmitting line. We described the set of Cournot equilibria for such market.

(3) We studied a supply function auction under demand stochastic uncertainty and found Nash equilibrium outcomes under different relations between the permitted number of steps in producer's bid and the number of possible demand functions.

## **11. Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models**

Leaders: Natalya Volchkova (CEFIR), Ksenia Yudaeva (CEFIR)

Assistants: Julia Khaleeva (CEFIR), Natalia Turdyeva (CEFIR)

The goal of this research is to perform the integrated evaluation of the consequences of the implemented reform of payroll tax, monetization of social benefits and upcoming reform of provision of housing and communal services in Russia. Two additional strands of research concern the evaluation of factors determining level of bank lending to firms in Russia and evolution of the structure of sugar market over last years.

First we analyze the economic impact of the decrease of payroll tax rate. At the first stage we do it in the framework of computable general equilibrium model which is based on social accounting matrix of Russia as of 2001. General equilibrium model is solved by GAMS software. The model tested on consistency and robustness. Different reform simulations are conducted and their outcomes are primarily determined by assumptions about how off-budget deficit which arises from payroll tax decrease is financed. If the deficit is financed through the other government tax income then government expenditures on education, health, and government administration decrease. If the drop in payroll tax revenues is simultaneously combined with off-budget fund expenditures cut then the reform does not seem to affect real macroeconomic variables.

The results of CGE computations were transferred to the second stage of our analyses – microsimulation study which aimed at investigation of the distributional consequences of payroll tax reform on households. This study is based on 12th round of Russian Longitudinal Monitoring Survey (RLMS). The main hypothesis that the reduction of social rate is favorable mainly for the poorest part of population is confirmed.

The second study deals with the analyses of consequences of the housing and communal services reforms that proposed in the close future. The corresponding microsimulation model of Russian economy is constructed which is based on national survey of households "NOBUS" conducted in 2003. Various reforms are simulated and their distributional consequences in several dimensions are analyzed.

One more research in the framework of microsimulations concerns the estimations of welfare changes across Russian population due to monetization of social benefits that took place in January 2005. We test the hypothesis that the reform has decreased the inequality in various social groups and identify social groups in which the level of poverty has increased after the reform. We model some measures which could be taken to compensate the negative effects of the reform. The main hypothesis is that targeted subsidies that follow simple schemes will be considerably less costly than the current measures taken by the federal and regional government.

The study of the sugar market in Russia analyzes the regional government policy to support beet farmers. Local authorities support beet producers via tolling rate regulation. But this policy stimulates the sugar companies to develop their own beet programs instead of increase of sown area. In order to support beet programs it is necessary to rely on other instruments. In this study we show empirically that grain production has positive effect on beet harvest. Hence it is possible to support beet producers by stimulating grain farming.

The purpose of the research on banking sector is to examine bank's rationality behind corporate lending in Russia. Using financial statements of Russian firms for 2002-2003 we determine which characteristics a firm should possess to be able to finance higher share of its assets from bank loans and which firms rely more on their own funds. Data support the hypothesis that banks do not rely on financial statements due to their noisiness. More profitable firms still rely mainly on their own funds to finance both their working capital and long-term investments as they did several years ago. Higher level of corporate governance and membership in FIGs relax credit constraints in terms of short-term financing only.

We conclude that although figures on the increase in banks' corporate lending provided by the Central Bank are impressive, further extension of credit system depends crucially on the improvements in standards of corporate governance and transparency of financial reports.

## **12. Capital Flows in Transition**

Leaders: Oleg Zamulin (NES), Kirill Sosunov (NES)

The project was meant to answer an important question of what determines the direction of capital flows in a natural resource dependent developing country such as Russia. On the one hand, large inflow of export revenue into the country should dictate a corresponding outflow of capital in order to insure against future risks. On the other hand, developing countries generally have high returns on capital, which means that capital should flow into the country and the export revenues should be invested domestically. Issues intimately related to capital flows, and therefore also considered in the project, included real exchange rate misalignment, financial crises, and excess reserves held in the Russian commercial banks.

Several important results were obtained during the project implementation. First of all, it has been shown in a calibrated model of a Russian economy that it is difficult to justify the observed capital outflows even by a high degree of precautionary savings motif. That is, desire to insure against risk can reverse the inflow of money into the economy only when risks are extremely high. More specifically, the estimated perceived risk of losing investment completely in Russia has been estimated at 10%.

Further, in an important contribution it has been shown how one can estimate the optimal cut-off value for the world oil price, at which extra tax revenues need to be placed in the stabilization fund. It has been further shown that the stabilization fund can help cure the Dutch Disease, even though long-term corrective taxation is a better solution.

In a behavioral model of currency crises, it was shown how a crisis can result from herding behavior of rational agents, who get signals by observing behavior of seemingly more informed agents. The Russian crisis of 1998 was fitted into this model.

Finally, a model of excess reserves in the banking sector is developed, in which these reserves are explained by lack of trust in the inter-bank market. This lack of trust inhibits inter-bank borrowing and leads to credit rationing, which forces banks to hold large excess reserves. A measure of this mistrust is backed out from the Russian data.

## ***Appendix 5: Conference Programs***

### **XVI Research Conference (October 2004)**

***Thursday, October 14, 2004***

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**10:00—10:30, room 521**

**Registration**

**10:30—10:50, room 521**

**Opening:** Valery Makarov

**10:50—12:10, room 521, Session 1**

Chairman: Ekaterina Zhuravskaya

Author: **Valery Makarov**

Title: Optimal Structure of Federal State

Discussant: Ekaterina Zhuravskaya

Author: **Georgy Egorov**

Title: Dictators and Their Viziers: Agency Problems in Dictatorships

Discussant: Sergei Guriev

**12:50—14:10, room 521, Session 2**

Chairman: Pavel Katyshev

Author: **Stanislav Anatolyev**

Title: Modeling, Estimation, Inference and Prediction Under Linear-Exponential Loss

Discussant: Oleg Zamulin

Authors: **Alexei Gorjaev**, Sergei Prikhodko

Title: International Diversification Benefits for Russian Investors

Discussant: Stanislav Anatolyev

**15:50—17:50, room 521, Session 3**

Chairman: Natalia Volchkova

Authors: Sergei Chernavsky, **Oleg Eismont**

Title: On Perspectives of Reforming Natural Gas Sector in Russia

Author: **Andrei Rachinsky**

Title: Energy Sector Reform: on the Way to Free Market

Discussant: Natalia Volchkova

Authors: **Alexander Vasin**, Polina Vasina

Title: Supply Function Auctions

Discussant: Georgy Kolesnik

**18:30-20:00, room 521**

**Keynote Address**

Chairman: Valery Makarov

**John Litwack (WorldBank): Russian and Ukrainian Transition in Comparative Perspective**

***Friday, October 15, 2004***

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**10:00—11:20, room 521, Session 4**

Chairman: Grigory Kosenok

Authors: **Alexei Deviatov**, Barry Ickes

Title: Reputation and Soft-Budget Constraint

Discussant: Grigory Kosenok

Authors: **Sergei Guriev**, Sudipto Bhattacharya

Title: Knowledge Disclosure, Patents and the Optimal Organization of R&D

Discussant: Andrei Bremzen

**11:40—13:30, room 521, Session 5**

Chairman: Omer Moav

Authors: **Victor Polterovich**, **Vladimir Popov**

Title: Appropriate Economic Policies at Different Stages of Development

Authors: Victor Polterovich, **Alexander Tonis**

Title: Innovation and Imitation at Various Stages of Development: a Model with Capital

Discussant: Kseniya Yudaeva

Authors: **Kirill Sosunov**, **Oleg Zamulin**

Title: Real Exchange Rate Targeting in a Resource-Based Economy

Discussant: Omer Moav

**14:50—16:40, room 521, Session 6**

Chairman: Reuben Gronau

Authors: Andrei Shumilov, **Natalya Volchkova**

Title: Russian business groups: substitutes for missing institutions?

Authors: Konstantin Kozlov, Denis Sokolov, **Kseniya Yudaeva**

Title: Innovation Activities of Russian Enterprises

Discussant: Andrey Yakovlev

Authors: **Irina Denisova**, Marina Kartseva

Title: Premium for Degree in Engineering: Estimation of Returns to Field-Specific Education in Russia

Discussant: Reuben Gronau

**17:00—18:30, room 521**

**Distinguished Lecture**

Chairman: Ekaterina Zhuravskaya

**Erik Berglof** (Stockholm Institute for Transition Economics): **Emerging Capitalism — Lessons from Financial Transition**

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*Saturday, October 16, 2004*

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**10:30—11:50, room 521, Session 7**

Chairman: Selcuk Caner

Authors: **Alexander Karminsky**, Sergei Golovan, Anatoly Peresetsky

Title: Banks' Ratings Models. Dynamics and Comparison

Authors: **Sergei Golovan**, Alexander Karminsky, Anatoly Peresetsky

Title: Semi-parametrics Models of Banks' Default Probability

Discussant: Alexei Goriaev

**12:10—14:00, room 521, Session 8**

Chairperson: Alexei Deviatov

Author: **Grigory Kosenok**

Title: Limits of Acquisition in Price Competing Industry

Authors: **Grigory Kosenok**, Ariane Lambert-Mogilyanski

Title: Favoritism in Repeated Procurement Auction

Discussant: Alexei Deviatov

Author: **Alexander Sotskov**

Title: Long run effects of tax and inflation policy, and the society losses

Discussant: Anton Afanasiev

**14:00, room 521**

**Closing session:** Barry Ickes, Valery Makarov

## XVII Research Conference (May 2005)

Thursday, May 12, 2004

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9:15—9:30, room 521

**Registration, Opening:** Valery Makarov

9:30—11:00, Session 1

A (room 521) <b>Knowledge Economy Market in Russia</b> <u>Project leader:</u> Valery Makarov <u>Chairman:</u> Ekaterina Zhuravskaya	B (room 1121-1) <b>Who Holds Power in the Russian Parliament?</b> <u>Project leader:</u> Andrei Bremzen <u>Chairman:</u> Sergei Guriev
<b>Pavel Abramov:</b> Some Factors Which Influence the Market Value of the Company. Russian Example <b>Vasily Akimov:</b> Institutional Environment and Innovations-Case Study of the Russian Regions <b>Erlan Ramazanov:</b> Estimation of Domestic and Foreign Investments Efficiency in Russia	<b>Alexander Apokin:</b> Voting Discipline <b>Sergei Vlasov:</b> Bargaining in Legislatures under Imperfect Discipline <b>Sergei Lychagin:</b> On the Efficiency of Lobbying in the Russian Parliament <b>Diana Shamsutdinova:</b> Cleavages in the Russian Duma and in the Society: are they similar?

11:20—12:30, Session 2

A (room 521) <b>Topics in Microeconomics: Experts, Intermediaries, Communication</b> <u>Project leader:</u> Anton Suvorov <u>Chairman:</u> Grigory Kosenok	B (room 1121-1) <b>Imperfect Information and Bounded Rationality with Applications to Macroeconomic Dynamics</b> <u>Project leader:</u> Alexei Deviatov <u>Chairman:</u> Sergey Stepanov
<b>Alexander Korotkov:</b> Endogenous Structure of the News Markets <b>Alexander Rumyantsev:</b> Strategic Information Transmission and Gathering <b>Pavel Fomin:</b> Centralization: Information Revelation Aspects	<b>Eugeny Vasin:</b> Effects of Reputation in the RBC Framework <b>Andrey Voltornist:</b> Optimal Patent Enforcement <b>Albina Dzhioeva:</b> Illegal Money

13:40—15:10, Session 3

A (room 521) <b>Econometrics of Financial Markets</b> <u>Project leader:</u> Stanislav Anatolyev <u>Chairman:</u> Pavel Katyshev	B (room 1121-1) <b>Empirical Auctions</b> <u>Project leader:</u> Grigory Kosenok <u>Chairman:</u> Oleg Eismont
<b>Sergei Belousov:</b> GARCH-Jump Volatility Modeling: Applications to Russian and US Stock Markets <b>Sergey Popov:</b> Market Microstructure Break: Capturing the Parallel Process Effects  <b>Financial Policy of Russian Companies</b> <u>Project leader:</u> Alexei Gorjaev  <b>Alexey Zabotkin:</b> The Rise of the Russian Corporate Bond Market <b>Marat Zaidullin:</b> Market Reaction to Dividend Policy of Russian Companies	<b>Maxim Osadchiy:</b> Dynamic Equilibrium at Durable-Good Market <b>Yury Stolbov:</b> Financial Industrial Groups in Russia  <b>Mathematical Models of Electricity Markets</b> <u>Project leader:</u> Alexander Vasin  <b>Ruslan Mavlikhanov:</b> Electricity Market Auction Models Under Stochastic Demand Function <b>Dzambolat Tulatov:</b> Cournot Equilibrium in Three-Node Market Auctions

15:30—17:00, room 320

**Zvi Griliches Distinguished Lectures:** Chairman: Sergei Guriev

**Alberto Alesina** (Nathaniel Ropes Professor of Political Economics and Chairman of the Department of Economics, Harvard University): **The Choice of Electoral Rules**

9:30—11:00, Session 4

A (room 521)	B (room 520)
<b><i>Globalization and Economic Growth in Developing and Transition Economies: institutional aspects</i></b>	<b><i>Capital Flows in Transition</i></b>
<u>Project leaders:</u> Victor Polterovich, Vladimir Popov	<u>Project leaders:</u> Kirill Sosunov, Oleg Zamulin
<u>Chairman:</u> Kseniya Yudaeva	<u>Chairman:</u> Alexei Deviatov
<b>Valentina Bogomolova:</b> Real Exchange Rate Regulation Policy in the 2sector Model	<b>Alexander Gorbenko:</b> Balance-of-Payments Crises: Herding Behavior as the Cause of Speculative Attack
<b>Kirill Evdokimov:</b> Should Government Rely on Small Business in Transition and Developing Economies?	<b>Roman Zilberman:</b> Nominal Exchange Rate Evaluation in Emergent Economies: the Russian Ruble Case
<b>Vadim Cherepanov:</b> Globalization of Financial Markets and Inequality of Nations	<b>Alexander Tarasenko:</b> Demand on Extra Reserves by Banks
<b>Oleg Shibyanov:</b> WTO and Trade Unions : Theory and Empirics	<b>Konstantin Khorev:</b> Fiscal Policy in a Small Resourced-Based Open Economy

11:20—12:30, Session 5

A (room 521)	B (room 520)
<b><i>Topics in Microeconomics</i></b>	<b><i>Capital Flows in Transition</i></b>
<u>Project leader:</u> Sergei Guriev	<u>Project leaders:</u> Kirill Sosunov, Oleg Zamulin
<u>Chairman:</u> Andrei Bremzen	<u>Chairman:</u> Vladimir Popov
<b>Grigory Akshonov:</b> Corruption on Top and Bottom Levels	<b>Anton Tcheremukhin:</b> An Economic Model of the Real Exchange Rate of the Ruble
<b>Ilya Vorobiev:</b> Corruption and Collective Reputation	<b>Ilya Sheynzon:</b> The Equilibrium Current Account: Can Precautionary Saving Motive Outweigh the High Returns to Capital in Russia?
<b>Pavel Stetsenko:</b> Trade Without Contracts and Public Reputation	<b>Mikhail Staroverov:</b> Optimal Fiscal and Monetary policy under Sticky Prices

13:40—15:10, Session 6

A (room 521)	B (room 1121-1)
<b><i>Income Distribution, Mobility and the Labor Market</i></b>	<b><i>Natural Resources Potential and Russian Economy Development</i></b>
<u>Project leader:</u> Irina Denisova	<u>Project leader:</u> Oleg Eismont
<u>Chairman:</u> Oleg Zamulin	<u>Chairman:</u> Alexander Vasin
<b>Igor Alexeev:</b> Regional Aspects of Poverty in Russia	<b>Fedor Bizikov:</b> Natural Resources Abundance and Economic Growth
<b>Ilya Bryukhanov:</b> Regional Income and Earnings Inequality in Russia	<b>Grigory Karasev:</b> Estimation of Oil and Gas Rent in Russia
<b><i>Economics of Non-profit Organizations</i></b>	<b>Alexey Lyubimov:</b> Organization of Bilateral Contracts in Electricity Markets Under Systems Constraints
<u>Project leader:</u> Leonid Polishchuk	<b>Ruslan Churbanov:</b> Analysis of the Efficiency of Free Natural Gas Market in Russia
<b>Eugeny Firsov:</b> Charity as commercial Beginning: to Problem's Formulation	
<b>Mikhail Shmonov:</b> Taxation of Non-Profit Organizations	

15:30—17:00, room 521

Special Section in Honor of Gur Ofer:

Barry Ickes, Erik Berglof, Sergey Yakovlev



9:45—10:00, room 521

Registration

10:00—11:30, room 521

**Zvi Griliches Distinguished Lectures:** Chairman: Sergei Guriev

**Alberto Alesina** (Nathaniel Ropes Professor of Political Economics and Chairman of the Department of Economics, Harvard University): **The Choice of Electoral Rules**

11:50—14:00, Session 7

A (room 521)	B (room 520)
<p><b><i>Macroeconomic Reforms in Russia: the appraisal of social economy consequences in general equilibrium and microsimulation models</i></b>  <u>Project leaders:</u> Natalia Volchkova, Kseniya Yudaeva  <u>Chairman:</u> Irina Denisova</p> <p><b>Eugeny Abramov:</b> Analysis of Social Tax Reform (ESN) with the Aid of Computable General Equilibrium model  <b>Dinara Bayazitova:</b> Factors Determining Level of short-term Credits to Industrial Firms in Russia  <b>Natalia Volodina:</b> The Role of Authorities on the Choice between Tolling and Vertical Intagration in Sugar Sector in Russia  <b>Ekaterina Gorshkova:</b> Reform of Housing and Communal Services in Russia: Microsimulation Approach  <b>Sergei Lobanov:</b> Microsimulation Analysis of Monetization of Natural Benefits in Russia  <b>Eugeny Oreshkin:</b> Estimation of Distributional Consequences of Social Tax Reform</p>	<p><b><i>Trend of the Banking Sector in Russia and Bank Ratings IV</i></b>  <u>Project leaders:</u> Anatoly Peresetsky  Alexander Karminsky  <u>Chairman:</u> Alexei Gorjaev</p> <p><b>Sergei Rtischev:</b> An Analysis of Relations of Deposit Rate Values and Banks' Records  <b>Timur Salikov:</b> Modeling of Ratings of Moody's International rating agency  <b>Eugeny Sheyenko:</b> Estimation of the Production Function and Efficiency Scorings of Russian Banks  <b>Alexey Shishkin:</b> Comparative Analysis of Borrowers' Classification Methods. Scoring Models for Consumer Credits in Russia</p>
14:00 (room 521) Closing	13:20 (room 520) Closing

## ***Appendix 6: NES Publications, 1998-2005***

### **Best Student Papers**

**Akhmedov A.** (2001) “The Role of Bank Lending in Creating Soft Budget Constraints for Russian Enterprises. Evidence from Enterprise-Level Data”

**Alekseev A.** (2003) “An application of a Computable General Equilibrium Model for the Estimation of Effects of the new wave of the European Union Enlargement on the Russian Economy”

**Andrykov A.** (1999) “Analysis of Security Market Crisis in Terms of strategies of the Major Players”

**Bassov O.** (2000) “Externalities in the Production of Knowledge”

**Besstremyannaya G.** (2001) “The Applicability of the Tiebout Hypothesis to Russian Jurisdictions”

**Bikbov R.** (2001) “Competition and Managerial Turnover: Evidence from Russia”

**Birulin A.** (1999) “On Monetizing a Barter Economy”

**Bobyshev A.** (2001) “Russian Banks: Typical Strategies and Financial Intermediation”

**Chisty A.** (1999) “Radical Reforms versus Gradual Approach”

**Chukmaitova A.** (2003) “Determinants of Life Expectancy and Mortality: Comparative Analysis of Different Regions in Kazakhstan”

**Davydenko S.** (1999) “Cost Of Capital in Russian Financial Industrial Groups”

**Dodonova A.** (1998) “The Creation of Financial-industrial Groups: Signaling Model”

**Drougov M.** (2001) “Higher Education Expansion in Russia: What Stands Behind?”

**Egorov G.** (2005) “Commercial Litigation under Imperfect Information”

**Gabdrakhmanov S.** (2000) “Inefficient Labor Markets and the Emergence of Diversified Firms”

**Garshin V.** (2003) “Macroeconomic Factors as Determinants of Stable Bank Development”

**Gerko A.** (2003) “Market Efficiency: Statistical vs. Trading Approaches”

**Golovan S.** (1999) “The effect of Forgetting in Theory of Collective Reputation”

**Goltsman M.** (2000) “Empirical Analysis of Managerial Turnover in Russian Firms”

**Gureev A.** (2000) “Implications of Revenue Sharing for the Problem of Insecure Property Rights”

**Gvozdenko D.** (2003) “The Development of the Common European Economic Space between Russia and the EU”

**Itskhoki O.** (2005) “Asymmetric Price Rigidity and the Optimal Rate of Inflation”

**Karev M.** (2001) “Towards the Dynamic model of Legal Reform”

**Kartseva M.** (2002) “The Duration of Unemployment in Russia: Does High Education Decrease Unemployment spells?”

**Kassian G.** (2002) “Mortality Crisis in Russia: Evidence from International Panel Data”

- Khoroshilov Yu.** (1998) “Financial Industrial Groups Cost Monitoring and Why Bank Owns Firms”
- Kleiman D.** (1999) “Tax Evasion and Corruption in Fiscal Administration”
- Kolenikov S.** (1999) “The Methods of the Quality of Life Assessment”
- Kopylov I.** (1998) “Financial Industrial Groups and Managerial Hidden Actions”
- Kovtunen B.** (1999) “The War of Attrition with Expected Changes of Future Terms”
- Kozlov K.** (1999) “Impact of Financial Industrial Group Membership on Export Competitiveness of Russian Firms”
- Kulaev S.** (2005) “Patent Breadth and Antitrust Policy in Cumulative Innovation”
- Kuznetsov A.** (2003) “Crisis of 1998 and Determinants of Stable Development of a Bank”
- Loukoinova E.** (1999) “Intergovernmental Transfers in Russia: the Case of Volga Cities”
- Makarov D.** (2003) “Industrial Policy and Lobbying: can Weak Government Correct Market Failures?”
- Makarov I.** (2000) “Two Essays on Barter and Corporate Governance in Russia”
- Manaenkov D.** (2000) “What Determines the Region of Location of an FDI Project? An Empirical Assessment”
- Melentieva N.** (2000) “FDI in Russia: The Effect of Foreign Ownership on Productivity”
- Mikusheva A.** (2002) “Information Aggregation and Efficiency in Auctions”
- Mironov M.** (2003) “Small Business Environment and Investment Climate”
- Mityakov S.** (2002) “Oligarchy, Democratization and the «Brain Drain»”
- Moiseev A.** (2000) “Analysis of Influence of the “Dutch Disease” and Taxation on Economic Welfare: Example of Russian Economy”
- Mouraviev I.** (1999) “Bringing Real Money Balances into the Dutch Disease Problem”
- Nekipelov D.** (2003) “Analysis of Inter-Sectoral Labor Flows in Russia”
- Novikov D.** (1999) “Modeling the Demand for Russian Government Securities from Non-residents”
- Orlov E.** (2000) “Government Subsidies to Russian Firms: Efficient or Not?”
- Paltseva E.** (1998) “Modeling Inflationary Expectations: the Case of Russia”
- Panova E.** (1998) “The “Shadow” Sector and Economic Growth”
- Perekhodtsev D.** (1999) “Impact of Russian Ruble Devaluation on Trade and Currencies of the CIS Countries”
- Piankov N.** (1998) “Financial and Industrial Groups in Russia”
- Ponomareva E.** (2001) “The Distributional Impact of Reforms in the Housing and Communal Sector in Russia”

- Ponomareva M.** (2000) “Do Governors Protect Firms from Paying Federal Taxes?”
- Ponomareva N.** (2000) “Are There Positive or Negative Spillovers from Foreign-owned to Domestic Firms?”
- Proudnicenko D.** (2002) “Industrial Policy and Growth in Transition Economies”
- Rachinsky A.** (2001) “Managerial Turnover and Firm Performance in Russia”
- Ravichev A.** (2001) “Electoral Cycles in Russian Regions”
- Rewenko S.** (2001) “Russian Federalism: Competitive or Not?”
- Savvateev A.** (1998) “Production and Rent-seeking Behavior”
- Semenov A.** (2005) “The Innovations in the Economy with Exhaustible Resource Sector”
- Shakin D.** (2003) “High Frequency Data in the Russian Stock Market”
- Shapiro D.** (2001) “Political Incentives and Investment Climate”
- Sheynzon I.** (2005) “The Equilibrium Current Account: Can Precautionary Saving Motive Outweigh the High Returns on Capital in Russia?”
- Skovoroda R.** (1999) “Estimation of Demand Responses to a Price Change under the Paucity of the Data”
- Slinko I.** (1999) “Multiple Jobs, Wage Arrears, Tax Evasion and Supply in Russia”
- Smirnov V.** (1998) “Optimal Investment in Development of New Technology (The Exponential Distribution Case)”
- Suvorov A.** (1999) “Barter and Long-term Relations”
- Spryskov D.** (2000) “Persistent Poverty in Russia”
- Stepanov S.** (2000) “Privatization of Natural Monopolies under Asymmetric Information”
- Strebulaev I.** (1999) “A Timing Model of the Russian Currency Crisis: Cases of Non-Linear Behavior, Uncertainty, and Devaluation Expectations”
- Tarasov A.** (2003) “Endogenous Growth, Education and Intellectual Property Rights”
- Tcherkachine I.** (2003) “Russia's Accession to WTO: Labor Demand Story”
- Tonis A.** (1998) “Rent-seeking Technologies: Analysis and Modeling”
- Turmuhambetova G.** (1998) “The Development of the GKO Market in Russia”
- Vasnev A.** (2001) “A Nonparametric Method for Bootstrap Resampling in Autoregressions”
- Volchkova N.** (1998) “Russian Financial-Industrial Groups in International Markets”
- Yakovlev E.** (2001) “State Capture in Russian Regions and Municipalities”
- Zhabitskaya E.** (2003) “When do Subsidies to Competing Innovators Stimulate Technological Progress?”

## Working Papers

**Akhmedov A., Bessonova E., Cherkashin I., Denisova I., Grishina E., Nekipelov D.** (2004) “WTO Accession and the Labor Market: estimations for Russia”

**Anatolyev S.** (2004) “Three Essays on Econometrics of Moment Conditions in Time Series”

**Anatolyev S., Gerko A., Shakin D., Kryukovskaya O.** (2004) “Dynamics and Predictability in Russian Financial Markets”

**Anatolyev S., Ovtcharova G.** (2001) “Capital expenditures financing in Russia”

**Andrienko Yu.** (2001) “Factors of Crime Growth in Russia: Regional Approach”

**Bessonova E., Kozlov K., and Yudaeva K.** (2003) “Trade Liberalization, Foreign Direct Investment, and Productivity of Russian”

**Dvorkovich A., Gurvich E.** (1999) “Analysis of the GKO/OFZ Interest Rates”

**Egorov G., Sonin K.** (2005) “Dictators and Their Viziers: Agency Problems in Dictatorships Working”

**Eismont O.** (2000) “World Oil Price Fluctuations and Development of the Russian Economy”

**Eismont O., Kuralbaeva K.** (1999) “Depletion of Natural Resources and Long-Term Perspectives of the Russian Economy”

**Enikolopov R., Zhuravskaya E.** (2003) “Decentralization and Political Institutions”

**Friedman L.** (2000) “Globalization: OECD and Developing Countries”

**Friedman L.** (1998) “Science in a Transitional Society: Russia in the World Context”

**Friedman L., Melyantsev V., Vidiassov M.** (1998) “Governmental Expenditure (consumption) and Economic Growth”

**Golovan S., Evdokimov M., Karminsky A., Peresetsky A.** (2004) “Probability of Default Models of Russian Banks II. Models and Macroeconomic Environmen”t

**Golovan S., Karminsky A., Kopylov A., Peresetsky A.** (2003) “Probability of Default Models of Russian Banks I. Models with Clustering”

**Golovko E., Sidorov V., Peresetsky A., Karminsky A., A. H. O. van Soest.** (2002) “Analysis of Russian Banks Ratings”

**Grobman I. and Peresetsky A.** (1999) “Analysis of the Stock Market Performance at the Pre-crisis Period October 1997—August 1998”

**Guriev S.** (2001) “Rent-seeking and barter in Russia”

**Guriev S.** (1999) “A Theory of Informative Red Tape with an Application to Top-Level Corruption”

**Guriev S., Ickes B.W.** (2000) “Barter in Russia”

**Guriev S., Kvassov D.** (2000) “Barter for price Discrimination?”

- Gurvich E.** (2002) "The Distributional Impact of Pension Reform in Russia"
- Gurvich E.** (2001) "Looking Back at the Russian Financial Crisis"
- Karminsky A., Peresetsky A., Golovan S.** (2005) "Bank's Rating Models. Dynamics and Comparison"
- Levin M.** (1999) "Corruption and Technological Innovation"
- Makarov V., Dankov A.** (2002) "Regional and Electoral Competition: a Comparative Analysis of the Influence of Political Institutions"
- Marhuenda F., Vasin A., Vasina P.** (2003) "Tax Optimization: the Role of Informational Asymmetries"
- Marhuenda F.H., Vasin A., Vasina P.** (2001) "Tax Enforcement for Heterogeneous Firms"
- Mikusheva A., Sonin K.** (2002) "Information Revelation and Efficiency in Auctions"
- Mokhtari M., Grafova I.** (2000) "The Russian Federation at Crossroads: Tax Collection and Corruption"
- Overland J., Spagat M.** (1998) "Political Instability, Foreign Investment and Growth in Proprietary Economics"
- Polterovich V., Tonis A.** (2005) "Innovation and Imitation at Various Stages of Development: A Model with Capital"
- Polterovich V.** (2001) "Rent-seeking, Tax Policy and Economic Growth"
- Polterovich V.** (1998) "Institutional Traps and Economic Reforms Voronovitsky M. Cross-ownership and Opportunity of Reciprocal Investment in Russian Industrial Groups"
- Rachinsky A.** (2005) "Energy Sector Reform: on the Way to Free Market"
- Rockinger M., Urga G.** (2000) "The Evolution of Stock Markets in Central and Eastern Europe"
- Schwarz M., Sonin K.** (2002) "The Variable Value Environment: Auctions and Actions"
- Sonin K.** (2002) "Why the Rich May Favor Poor Protection of Property Rights"
- Sotskov A.** (2004) "Effect of Tax and Monetary Government's Policy and the Society Losses"
- Sotskov A.** (2003) "Time-consistent Government Policies in the Sidrausky's Model"
- Sotskov A.** (2000) "Characterization of Competitive Allocations and the Nash Bargaining Problem"
- Tonis A.** (2003) "Promoting Growth: Rent-Seeking as a Cause of Failure"
- Tonis A.** (2001) "State Patronage over Firms: a Model of Endogenous Regulation"
- Vasin A., Vasina P.** (2005) "Homogeneous Good Markets and Auctions"
- Vasin A., Gontmacher K., Sosina Yu.** (2003) "On the Optimal Distribution of Informational Resources in the Electoral Competition"
- Vasin A., Vasina P.** (2001) "Tax Optimization under Tax Evasion"
- Vasin A., Vasina P.** (2000) "The optimal Tax Enforcement under Imperfect Taxpayers and Auditors"

**Vasin A., Panova E.** (1999) “Tax Collection and Corruption in Fiscal Administration”

**Volchkova N.** (2001) “Does Financial-Industrial Group Membership Affect Fixed Investment: Evidence from Russia”

**Voronovitsky M.** (1999) “Cross-ownership and Opportunity of Reciprocal Investment in Russian Industrial Groups”

**Yudaeva K., Kozlov K., Melentieva N., and Ponomareva N.** (2001) “Does Foreign Ownership Matter? Russian Experience”

**Zhuravskaya E., Ponomareva M.** (2001) “Federal Tax Arrears: Liquidity Problems, Federal Subsidies, or Regional Protection?”

## **Lectures notes**

**Anatolyev S.** (2005) “Intermediate and advanced econometrics: problems and solutions”

**Anatolyev S.** (2004) “Lecture Notes: Intermediate Econometrics”

**Anatolyev S.** (2003) “Lecture Notes: Advanced Econometrics”

**Anatolyev S.** (2002) “Intermediate and Advanced Econometrics: Problems and Solutions”

**Anatolyev S.** (2002) “Lecture Notes: Intermediate Econometrics”

**Belenky V.** (2001) “Optimal Control: maximum principal and dynamic programming”

**Bremzen A., Guriev S.** (2005) “Lecture notes on contract theory”

**Danilov V.** (2002) “Lectures on Game Theory”

**Danilov V.** (1998) “Lectures on Fixed Points”

**Golovan S., Guriev S., Makrushin A.** (2005) ”Problems in contract theory”

**Golovan S., Guriev S., Makrushin A.** (2005) ”Contract theory: problems and solutions”

**Kolenikov S.** (2001) “Applied Econometric Analysis with STATA”

**Polishchuk L.** (2003) “Microeconomic Theory: Asymmetric Information and Public Goods”

**Polterovich V., Zamulin O., Sossounov K., Pekarski S.** (2005) “Lecture notes on macroeconomic theory: Intermediate level”

**Sotskov A., Kolesnik G.** (2002) “Optimal Control: Problems and Solutions”

**Vasin A.** (2005) “Evolutionary and Repeated Games”



## Appendix 7: Background Information on Students

### Class of 2005

#	NAME	SEX	D.O.B.	GEOGRAPHIC ORIGIN	INSTITUTION OF PRIOR STUDY	DEGREE
1	Eugeny Abramov	M	29.03.82	Orenburg	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma*
2	Pavel Abramov	M	11.12.81	Anzhero-Sudzhensk	Economics Dept., Novosibirsk State University	Diploma
3	Vladimir Avrutov	M	12.05.80	Saint-Petersburg	Economic Dept., Saint-Petersburg State Polytechnic University	Diploma Post-graduate
4	Vasily Akimov	M	16.01.81	Moscow	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
5	Grigory Akshonov	M	22.06.82	Novosibirsk	Economics Dept., Novosibirsk State University	Diploma
6	Igor Alekseev	M	05.06.80	Novosibirsk	Economics Dept., Novosibirsk State University	Diploma
7	Alexander Apokin	M	07.06.83	Moscow	Economics Dept., Higher School of Economics	4 year
8	Maxim Afanasiev****	M	29.05.80	Tambov obl.	Computational Math and Cybernetics Dept., Moscow State University	Diploma
9	Sergey Baum***	M	23.02.80	Moscow	Math Dept., Moscow State University	Diploma
10	Dinara Bayazitova	F	16.11.80	Ufa, Bashkortostan	Economic Dept., Ufa State Aviation Technical University	Diploma
11	Sergey Belousov	M	26.06.83	Balashikha, Moscow obl.	Economic Dept., Moscow State University	4 year
12	Ilya Belyaev	M	09.10.81	Ekaterinburg	Math Dept., Moscow State University	5 year
13	Fedor Bizikov	M	11.07.81	Moscow	Computational Math and Cybernetics Dept., Moscow State University	Diploma
14	Valentina Bogomolova	F	14.12.76	Minsk	Physics Dept., Belarusian State University	Diploma
15	Rostislav Bogoslovsky*****	M	04.05.82	Saint-Petersburg	Math Dept., Saint-Petersburg State University	Diploma
16	Eugeny Bratsev****	M	29.11.78	Magnitogorsk	Math Dept., Moscow State University	Diploma
17	Ilya Bruhanov	M	17.11.81	Barnaul	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma*
18	Eugene Vasin**	M	04.06.81	Moscow	Computational Cybernetics and Math Dept., Moscow State University	Diploma
19	Sergey Vlasov	M	11.07.79	Korablino, Ryazan obl.	Physics Dept., Ryazan State Radio Engineering Academy	Diploma
20	Natalie Volodina	F	20.03.81	Moscow	Economics Dept., Higher School of Economics	Diploma*
21	Andrey Voltornist	M	03.03.80	Sevastopol, Ukraine	Math Dept., Moscow State University	Diploma
22	Ilya Vorobiev	M	22.04.82	Novosibirsk	Economic Dept., Novosibirsk State University	Diploma
23	Grigory Vorotyntsev	M	28.11.81	Moscow	Math Dept., Moscow State University	Diploma
24	Alexander Gorbenko	M	14.10.81	Zaporozhje	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
25	Ekaterina Gorshkova	F	28.08.81	Severodvinsk	Computational Math and Cybernetics Dept., Moscow State University	Diploma
26	Eugeny Grigoryev**	M	22.03.82	Moscow	Economics Dept., Moscow State University	Diploma
27	Elena	F	28.03.81	Saint-	Economics Dept., Saint-Petersburg State	Diploma;

	Dengova****			Petersburg	University	Post-graduate
28	Albina Dzhioeva	F	15.07.80	Vladikavkaz	Applied Math Dept., North Osetia State University	Diploma
29	Kirill Evdokimov	M	05.03.82	Reutov, Moscow obl.	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma*
30	Alexandra Evtifieva	F	31.08.82	Krasnojarsk	Economics Dept., Higher School of Economics	Diploma*
31	Nadezhda Zhukova***	F	17.12.82	Moscow	Math Dept., Moscow State University	Diploma
32	Alexei Zabotkin	M	02.08.77	Kolomna, Moscow obl.	Economics Dept., Moscow State University	Diploma
33	Marat Zaidullin	M	09.12.82	Ekaterinburg	Applied Math Dept., Moscow Institute of Physics and Technology	Diploma*
34	Roman Silberman	M	19.12.83	Cheliabinsk	Economics Dept., Higher School of Economics	Diploma
35	Ilya Zyuganov****	M	18.09.81	Moscow	Physics Dept., Moscow Institute of Physics and Technology	Diploma*
36	Anatoly Kabanov***	M	05.02.81	Moscow	Informatics and Control Systems Dept., Bauman Moscow State Technical University	Diploma
37	Alexander Kalinnikov****	M	26.01.80	Cheliabinsk	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
38	Anatoly Kamchatnov****	M	29.04.80	Moscow obl.	Applied Math Dept., Moscow State Institute of Electronics and Mathematics	Diploma
39	Grigory Karasev	M	23.09.82	Simferopol	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma*
40	Georgiy Kartashov***	M	23.10.82	Yerevan, Armenia	Computational Math and Cybernetics Dept., Moscow State University	Diploma
41	Victor Kitov***	M	30.11.82	Moscow	Computational Math and Cybernetics Dept., Moscow State University	Diploma*
42	Andrei Kolokolnikov	M	23.10.81	Voronezh	Economics Dept., Voronezh State University	Diploma
43	Darya Korniyushina****	F	14.11.77	Moscow	Computational Math and Cybernetics Dept., Moscow State University	Diploma; Post-graduate
44	Alexander Korotkov	M	16.11.81	Leninsk-Kuznetskiy	Economics Dept., Novosibirsk State University	Diploma
45	Petr Levin*****	M	12.06.77	Moscow	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma
46	Sergey Lobanov	M	13.03.80	Moscow	Math Dept., Moscow State University	Diploma
47	Sergey Lytchagin	M	02.08.81	Kaliningrad, Moscow obl.	Math Dept., Moscow State University	Diploma
48	Alexey Lyubimov	M	13.08.80	Khotkovo, Moscow obl.	Physics Dept., Moscow State University	Diploma
49	Ruslan Mavlikhanov	M	25.12.79	Evpatoriya	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
50	Michael Mikhalev****	M	21.12.79	Dzerzhinskiy, Moscow obl.	Economics Dept., Institute of Asian and African Studies	Diploma*
51	Ivan Nikitin***	M	21.05.83	Moscow	Math Dept., Moscow State University	4 year
52	Eugeniy Oreshkin	M	24.12.82	Lytkarino	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma*
53	Maxim Osadchii	M	13.10.63	Novosibirsk	Physics Dept., Moscow State University	Diploma
54	Daria Pishchik	F	02.03.82	Novosibirsk.	Economics Dept., Novosibirsk State University	Diploma
55	Alexei Pylaev***	M	20.12.81	Moscow obl.	Economics Dept., Moscow State University	Diploma*
56	Sergey Popov	M	26.09.82	Novosibirsk	Economics Dept., Novosibirsk State	Diploma

					University	
57	Alexey Razin****	M	12.05.82	Orenburg	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma*
58	Yerlan Ramazanov	M	06.06.82	Almaty obl.	International Relations Dept., Kazakhstan State University	Diploma
59	Sergey Rtishchev	M	29.03.80	Voronezh	Math Dept., Moscow State University	Diploma; Post-graduate
60	Alexander Rummyantsev	M	10.01.80	Moscow	Math Dept., Moscow State University	Diploma
61	Timur Salikov	M	01.08.82	Moscow	Special Machinery Dept., Bauman Moscow State Technical University	6 year
62	Amina Skakova	F	10.02.83	Zhambilsk obl., Kazakhstan	Economics Dept., International Academy of Business	Diploma*
63	Konstantin Soshnikov	M	26.09.80	Moscow	Math Dept., Moscow State University	Diploma; Post-graduate
64	Mikhail Staroverov	M	17.11.79	Moscow	Math Dept., Moscow State University	Diploma; Post-graduate
65	Pavel Stetsenko	M	07.12.81	Khmelnitskiy, Ukraine	Applied Physics and Math Dept., Moscow Institute of Physics and Technology	Diploma
66	Yury Stolbov	M	31.07.82	Tjumen obl.	Economics Dept., Novosibirsk State University	Diploma
67	Ivan Strigin****	M	31.05.78	Novosibirsk	Math Dept., Peoples' Friendship University	Diploma
68	Alexander Tarasenko	M	07.06.82	Berdsk, Novosibirsk obl.	Economics Dept., Novosibirsk State University	Diploma
69	Dzambolat Tulatov	M	12.03.79	Vladikavkaz	Engineering Dept., Bogazici University	Diploma
70	Vera Utekhina***	F	03.06.67	Nizhniy Tagil	Radiotechnics Dept., Ural State Technical University	Diploma
71	Pavel Fomin	M	02.05.82	Moscow	Special Machinery Dept., Bauman Moscow State Technical University	5 year
72	Konstantin Khorev	M	05.10.81	Zhukovsky	Math Dept., Moscow State University	Diploma
73	Sergey Chaplygin***	M	08.09.76	Novosibirsk	Applied Math Dept., Novosibirsk State University	Diploma
74	Anton Cheryomukhin	M	14.06.82	Moscow	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma*
75	Vadim Cherepanov	M	02.03.78	Moscow	Applied Math Dept., Moscow State Institute of Electronics and Mathematics	Diploma
76	Ruslan Churbanov**	M	25.12.80	Vladivostok	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
77	Diana Shamsutdinova**	F	24.07.82	Kazan	Math Dept., Moscow State University	Diploma
78	Eugeny Sheyenko	M	16.01.81	Moscow	Sociology Dept., Moscow State University	Diploma
79	Ilya Sheinzon	M	28.02.82	Moscow	Math Dept., Moscow State University	Diploma
80	Oleg Shibanov	M	10.06.81	Izhevsk	Math Dept., Moscow State University	Diploma
81	Dmitry Shirinkin****	M	09.12.79	Sevastopol	Geology Dept., Moscow State University	Diploma
82	Alexey Shishkin	M	09.04.81	Kirov	Economics Dept., Higher School of Economics	Diploma
83	Mikhail Shmonov	M	23.02.83	Arzamas-16	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma*
84	Mark Shmulevich***	M	18.07.82	Moscow	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma*

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

\*\* Returned from Academic leave.

\*\*\* Granted academic leave.

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

\*\*\*\*\* Withdrew from coursework.

## Class of 2006

#	NAME	SEX	D.O.B.	GEOGRAPHIC ORIGIN	INSTITUTION OF PRIOR STUDY	DEGREE
1	Eugeniy Abramov	M	29.03.82	Orenburg	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma
2	Pavel Abramov	M	11.12.81	Anzhero-Sudzhensk	Economics Dept., Novosibirsk State University	Diploma
3	Vasily Akimov	M	16.01.81	Moscow	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
4	Grigory Akshonov	M	22.06.82	Novosibirsk	Economics Dept., Novosibirsk State University	Diploma
5	Igor Alekseev*	M	05.06.80	Novosibirsk	Economics Dept., Novosibirsk State University	Diploma
6	Alexander Apokin	M	07.06.83	Moscow	Economics Dept., Higher School of Economics	5 year
7	Dinara Bayazitova	F	16.11.80	Ufa, Bashkortostan	Economic Dept., Ufa State Aviation Technical University	Diploma
8	Sergey Belousov	M	26.06.83	Balashikha, Moscow obl.	Economic Dept., Moscow State University	5 year
9	Fedor Bizikov	M	11.07.81	Moscow	Computational Math and Cybernetics Dept., Moscow State University	Diploma
10	Valentina Bogomolova	F	14.12.76	Minsk	Physics Dept., Belarusian State University	Diploma
11	Ilya Bruhanov	M	17.11.81	Barnaul	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma
12	Eugene Vasin**	M	04.06.81	Moscow	Computational Cybernetics and Math Dept., Moscow State University	Diploma
13	Sergey Vlasov	M	11.07.79	Korablino, Ryazan obl.	Physics Dept., Ryazan State Radio Engineering Academy	Diploma
14	Natalie Volodina	F	20.03.81	Moscow	Economics Dept., Higher School of Economics	Diploma
15	Andrey Voltornist*	M	03.03.80	Sevastopol, Ukraine	Math Dept., Moscow State University	Diploma
16	Ilya Vorobiev	M	22.04.82	Novosibirsk	Economic Dept., Novosibirsk State University	Diploma
17	Alexander Gorbenko	M	14.10.81	Zaporozhje	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
18	Ekaterina Gorshkova	F	28.08.81	Severodvinsk	Computational Math and Cybernetics Dept., Moscow State University	Diploma
19	Albina Dzhioeva	F	15.07.80	Vladikavkaz	Applied Math Dept., North Osetia State University	Diploma
20	Kirill Evdokimov	M	05.03.82	Reutov, Moscow obl.	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
21	Alexei Zabotkin	M	02.08.77	Kolomna, Moscow obl.	Economics Dept., Moscow State University	Diploma
22	Marat Zaidullin*	M	09.12.82	Ekaterinburg	Applied Math Dept., Moscow Institute of Physics and Technology	Diploma
23	Roman Silberman	M	19.12.83	Cheliabinsk	Economics Dept., Higher School of Economics	Diploma
24	Grigory Karasev	M	23.09.82	Simferopol	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma

25	Alexander Korotkov	M	16.11.81	Leninsk-Kuznetskiy	Economics Dept., Novosibirsk State University	Diploma
26	Sergey Lobanov	M	13.03.80	Moscow	Math Dept., Moscow State University	Diploma
27	Sergey Lytchagin	M	02.08.81	Kaliningrad, Moscow obl.	Math Dept., Moscow State University	Diploma
28	Alexey Lyubimov	M	13.08.80	Khotkovo, Moscow obl.	Physics Dept., Moscow State University	Diploma
29	Ruslan Mavlikhanov	M	25.12.79	Evpatoriya	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
30	Eugeny Oreshkin	M	24.12.82	Lytkarino	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma
31	Maxim Osadchiy	M	13.10.63	Novosibirsk	Physics Dept., Moscow State University	Diploma
32	Sergey Popov	M	26.09.82	Novosibirsk	Economics Dept., Novosibirsk State University	Diploma
33	Yerlan Ramazanov	M	06.06.82	Almaty obl.	International Relations Dept., Kazakhstan State University	Diploma
34	Sergey Rtishchev	M	29.03.80	Voronezh	Math Dept., Moscow State University	Diploma; Post-graduate
35	Alexander Rumyantsev	M	10.01.80	Moscow	Math Dept., Moscow State University	Diploma
36	Timur Salikov	M	01.08.82	Moscow	Special Machinery Dept., Bauman Moscow State Technical University	Diploma
37	Mikhail Staroverov	M	17.11.79	Moscow	Math Dept., Moscow State University	Diploma; Post-graduate
38	Pavel Stetsenko	M	07.12.81	Khmelnitskiy, Ukraine	Applied Physics and Math Dept., Moscow Institute of Physics and Technology	Diploma
39	Yury Stolbov	M	31.07.82	Tjumen obl.	Economics Dept., Novosibirsk State University	Diploma
40	Alexander Tarasenko	M	07.06.82	Berdsk, Novosibirsk obl.	Economics Dept., Novosibirsk State University	Diploma
41	Dzambolat Tulatov	M	12.03.79	Vladikavkaz	Engineering Dept., Bogazici University	Diploma
42	Eugeny Firsov**	M	13.09.77	Saint-Petersburg	History Dept., Saint-Petersburg State University	Diploma
43	Pavel Fomin	M	02.05.82	Moscow	Special Machinery Dept., Bauman Moscow State Technical University	Diploma
44	Konstantin Khorev	M	05.10.81	Zhukovsky	Math Dept., Moscow State University	Diploma
45	Anton Cheremukhin	M	14.06.82	Moscow	Applied Physics Dept., Moscow Institute of Physics and Technology	Diploma
46	Vadim Cherepanov	M	02.03.78	Moscow	Applied Math Dept., Moscow State Institute of Electronics and Mathematics	Diploma
47	Ruslan Churbanov**	M	25.12.80	Vladivostok	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma
48	Diana Shamsutdinova**	F	24.07.82	Kazan	Math Dept., Moscow State University	Diploma
49	Eugeny Sheyenko	M	16.01.81	Moscow	Sociology Dept., Moscow State University	Diploma
50	Ilya Sheinzon	M	28.02.82	Moscow	Math Dept., Moscow State University	Diploma
51	Oleg Shibanov	M	10.06.81	Izhevsk	Math Dept., Moscow State University	Diploma
52	Alexey Shishkin	M	09.04.81	Kirov	Economics Dept., Higher School of Economics	Diploma
53	Mikhail Shmonov	M	23.02.83	Arzamas-16	Applied Math and Economics Dept., Moscow Institute of Physics and Technology	Diploma

\* Non-graduate

\*\*Returned from Academic leave.

## Appendix 8: Applicant Profile 2005

		% of TSA	Among them			
			Men	%	Women	%
<b>Total # of Students Applied (TSA):</b>						
	104	100	82	79	22	21
Moscow Applicants	90	86	73	81	17	19
Regional Applicants:	14	13	9	64	5	36
Novosibirsk	13	13	9	69	4	31
Almaty	1	1	0	0	1	100
<b>Profile</b>						
Average age	22.3					
Married	2	2	1	50	1	50
Muscovites	34	33	25	74	9	26
Need dormitories	47	45	36	77	11	23
<b>Educational Background and Degrees:</b>						
Mathematics	52	50	16	31	36	69
Physics	23	22	15	65	8	35
Economics	19	18	13	68	6	32
Post-graduate students at other U	2	2	2	100	0	0
Plan to pursue studies at the PhD	31	30	23	74	8	26
NES Preparatory courses – English	24	23	15	63	9	37
NES Preparatory courses – Math	62	60	47	76	15	24
<b>The main institutions students came from:</b>						
Moscow State University	43	41	29	67	14	33
Mosc. Inst. of Physics and Techn.	27	26	26	96	1	4
Novosibirsk State University	13	13	9	69	4	31
Higher School of Economics	4	4	3	75	1	25
<b>Sources of Information about NES</b>						
Booklet (spravochnik)	1	1	1	100	0	0
Poster in University	10	9.5	9	90	1	10
Friends	78	75	58	74	20	26
Internet	8	8	7	88	1	12
Other sources	7	7	7	100	0	0

## Appendix 9: Placement of Class of 2005

#	Name	Placement
1	Evgeny Abramov	Moscow
2	Pavel Abramov	Moscow
3	Vasily Akimov	AFK "Sistema", Corporate Finance Department, Specialist
4	Grigory Akshonov	Severstaltrans, Financial Consultant
5	Igor Alexeev	Princeton Partners Group, Consultant
6	Alexander Apokin	HSE
7	Dinara Bayazitova	International Moscow Bank, Moscow
8	Sergey Belousov	Alfa-Bank, Risk Management Department
9	Fedor Bizikov	Hansabank, Risk Management Department
10	Valentina Bogomolova	Hansabank, Financial Analyst, Moscow
11	Ilya Brukhanov	MB - Office Equipment
12	Evgeny Vasin	MSU, Faculty of Computational Mathematics and Cybernetics Lab
13	Sergey Vlasov	Pricewaterhouse Coopers, Audit Consultant
14	Natalia Volodina	Moscow
15	Andrey Voltornist	OOO "VimpelCom"
16	Ilya Vorobiev	Standard&Poors, Analyst
17	Alexander Gorbenko	Stanford Graduate School of Business, PhD in Finance, USA
18	Ekaterina Gorshkova	OOO "Uralsibkapital", Analyst
19	Albina Dzhioeva	Ernst&Young B.V. (CIS), Moscow
20	Kirill Evdokimov	Yale University, PhD, USA
21	Alexey Zabotkin	United Financial Group, Director of Research
22	Marat Zaidullin	Moscow
23	Roman Zilberman	Alfa-Bank, Corporate Finance Department
24	Grigory Karasyov	Moscow
25	Alexander Korotkov	Societe Generale Corporate Finance Advisory
26	Sergey Lobanov	Stanford Graduate School of Business, PhD in Finance, USA
27	Sergey Lychagin	Penn State University, PhD, USA
28	Alexey Lyubimov	Media Arts Group, Moscow
29	Ruslan Mavlikhanov	Citi Bank, Moscow
30	Evgeny Oreshkin	RAO "UES of Russia"
31	Maxim Osadchiy	CB "Vitas"
32	Sergey Popov	CEFIR, Moscow
33	Yerlan Ramazanov	Ernst&Young B.V. (CIS), Moscow, Corporate Tax Department
34	Sergey Rtishev	Moscow
35	Alexander Rummyantsev	CEFIR, Moscow
36	Timur Salikov	UFG Asset Management, Junior Portfolio Manager
37	Mikhail Staroverov	ZAO "Bank Russian Standard", Marketing Department, Lead Business Analyst, Moscow
38	Pavel Stetsenko	Stanford University, PhD, USA
39	Yury Stolbov	Princeton Partners Group, Consultant
40	Alexander Tarasenko	Moscow
41	Dzambolat Toulatov	"Kasa Inc"
42	Evgeny Firsov	Harvard University, PhD in Sociology, USA
43	Pavel Fomin	Moscow
44	Konstantin Khorev	OOO Lukoil, Leading Economist
45	Anton Cheremukhin	University California-Los Angeles, PhD, USA
46	Vadim Cherepanov	University of Pennsylvania, PhD, USA

47	Ruslan Churbanov	Moscow
48	Diana Shamsutdinova	Deutsche Bank, London, Analyst
49	Evgeny Sheenko	Pricewaterhouse Coopers, Tax Associate, Tax Department
50	Ilya Sheynzon	Cornell University, PhD, USA
51	Oleg Shibanov	MSU Post-graduate Studies, NES, Teaching Assistant, Moscow
52	Alexey Shishkin	Moscow
53	Mikhail Shmonov	MB - Office Equipment



## Appendix 10: NES Directory

	Name	Phone	E-mail
Rector	Sergei Guriev	Ext. 122	sguriev@nes.ru
Coordinator, International Advisory Board	Erik Berglof	+46-8-736 90 00 (Sweden)	oeieb@hhs.se
Treasurer, American Friends of NES	Barry W. Ickes	+1-814-863-2652 (USA)	bwickes@psu.edu
Vice-Rector	Alexander Fridman	+7-095-332-4215	fridman@cemi.rssi.ru
Deans of Students' Office			
Dean of Students	Zarema Kassabieva	Ext. # 117	zkasa@nes.ru
Academic Registrar and Secretary to the Decanat	Yulia Frolova	Ext. # 118	yfrolova@nes.ru
	Tatiana Terekhova	Ext. # 102	tterekhova@nes.ru
Head of the Academic Committee	Victor Polterovich	+7-095-332-4392	polterov@cemi.rssi.ru
Secretary of the Academic Committee	Pavel Katyshev	Ext. # 240	pkatish@nes.ru
Financial Director	Oxana Budjko	Ext. # 104	oxana@nes.ru
Academic Secretary	Valentina Krupina	Ext. # 153	vkrupina@nes.ru
Admissions Secretary, Preparatory Courses Coordinator	Olga Kulagina	Ext. # 103	okulagin@nes.ru
Computer and Internet Dept			
Department Head	Sergei Makarov	Ext. # 111	smakarov@nes.ru
Network Engineer	Anatoly Akinshin	Ext. # 110	aaa@nes.ru
Systems Administrator	Sergei Prilutsky	Ext. # 211	sprilutsky@nes.ru
Library		Ext. # 152	
Head Librarian	Karina Ter-Akopian	Ext. # 135	kter@nes.ru
Librarians	Elena Gorodnicheva	Ext. # 235	egorod@nes.ru
	Larissa Kryuchkhova	Ext. # 235	lkryuchko@nes.ru
English Instruction Dept			
Department Head	Olesya Marenkina	332-4458	marenkina@mail.ru
Instructor	Valeria Salistra		
Instructor	Regina Burdonskaya		
Instructor	Elena Liapunova		
Research Center			
Director	Stanislav Anatolyev	Ext. # 134	sanatoly@nes.ru
Coordinator	Ludmila Solntseva	Ext. # 137	lsolnzev@nes.ru
Outreach Center			
Director	Oleg Zamulin	Ext. # 121	ozamulin@nes.ru
Director of Econometrics	Anatoly Peresetsky	Ext. # 140	peresetsky@cemi.rssi.ru
Coordinator	Anya Khmelevskaya	Ext. # 150	akhmelev@nes.ru
Administrative Assistant	Ekaterina Bayan-Ool		outreach@nes.ru
Professors			
	Stanislav Anatolyev	Ext. # 134	sanatoly@nes.ru
	Alexei Deviatov	Ext. # 124	adevyatov@nes.ru
	Alexei Gorjaev	Ext. # 212	agoriaev@nes.ru
	Sergei Guriev	Ext. # 122	sguriev@nes.ru
	Grigory Kosenok	Ext. # 119	gkosenok@nes.ru
	Valery Makarov	+7-095-129-1011	makarov@cemi.rssi.ru
	Victor Polterovich	+7-095-332-4392	polterov@cemi.rssi.ru
	Vladimir Popov	Ext. # 116	vpopov@nes.ru
	Konstantin Sonin	Ext. # 136	ksonin@nes.ru
	Kirill Sosunov	Ext. # 120	ksosunov@nes.ru
	Oleg Zamulin	Ext. # 121	ozamulin@nes.ru
Development Coordinator	Olga Lavrentieva	Ext. # 113	olavrentieva@nes.ru
Accounts Department			
Chief Accountant	Julia Kushnarenko	Ext. # 138	gbuh@nes.ru
Deputy Accountant	Karina Khalipova	Ext. # 123	khalipova@nes.ru
IT Accountant	Luba Bychkova	Ext. # 123	buh@nes.ru
Cashier	Yulia Gurskaya	Ext. # 238	jmbuh@nes.ru
Office Manager	Raisa Istomina	Ext. # 151	ristomin@nes.ru
Technical Assistant	Ivan Ivanyuk	Ext. # 156	ivanyuk@nes.ru
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